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# FINANCIAL TIMES

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## NEWS SUMMARY

GENERAL BUSINESS

### Gunmen raise ransom price

Negotiations for the release of hostages held in the U.S. Embassy in Kuala Lumpur by Japanese Red Army terrorists took a new turn over fresh conditions imposed by the guerrillas.

After releasing nine of their 50 hostages they were said to be demanding "a very large amount of money" from the American, Malaysian, Japanese and Swedish Governments whose nationals were in their hands.

Their earlier demands had been met when a Japan Airlines DC8 arrived from Tokyo carrying five Red Army prisoners released from Japanese jails. The plane was refused to take the gunners to a new haven after the crew had rested.

The drama, which began on Monday, coincided with a visit to Washington by Japanese Prime Minister, Mr. Takeo Miki, for talks with President Ford.

### PM to speak on Court Line

The Prime Minister is to make a statement to-day about the Government's refusal to allow the Ombudsman access to the Cabinet Committee documents on the Court Line affair. During angry exchanges in the Commons, Mr. Wilson said he would "not nail this matter once and for all" and denied a report that the Government had concealed his own role in the affair. Page 9

### Bonfires in Portugal riot

Troops rushed to the Northern Portuguese town of Famalicão where hundreds of demonstrators went on the rampage, lit bonfires in the streets and sacked houses belonging to communists.

### Tougher action by firemen

Fire services could be seriously affected as a result of intensified industrial action by the National Union of Firemen. Page 8

### Wet interval

Thunderstorms and heavy rain punctuated Britain's heatwave in many places but the storms were short-lived and then it was back to blazing sunshine and temperatures soaring into the high 80s. In the West Country, storms cut power lines and blocked roads.

### Falls Road blast

A bomb in Belfast's Falls Road area injured three women. Earlier, Mr. Merlyn Rees said bodies other than the Provisional IRA were involved in the latest crimes. Page 10

### Hoffa reward

The family of former Teamsters' Union president James Hoffa, missing since last Wednesday, offered a \$200,000 reward for information on his whereabouts.

### Squatting row

Mr John Corrie MP is to introduce a Bill to-day which would outlaw squatting. Police in Worthing forcibly removed people squatting in a house due for demolition. In London, a squatter's agency denied as exaggerated a report that it planned an "invasion" of empty homes throughout the country.

### Briefly...

Second Test at Lord's ended in a draw, with Australia 329 for 3 at the close of a match in which England regained their confidence. Page 10  
 Llandudno scientist Mr. Elwyn Roberts, 42, won the Bardic Crown at the Eisteddfod.

### CHIEF PRICE CHANGES YESTERDAY

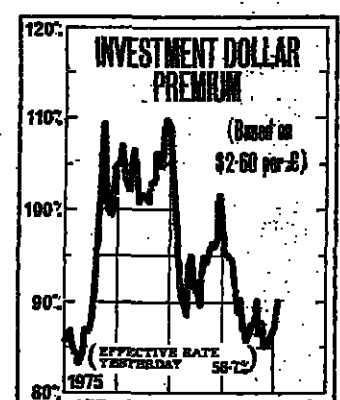
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Evans	334 + 7
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GEC	205 + 7
GRN	205 + 7
Hawker Siddeley	257 + 10
House of Fraser	71 + 31
Lucas Inds.	98 + 3
Marks and Spencer	85 + 4

### Equities rally 7.5 but gilts retreat

EQUITIES staged a technical rally in quiet trading. The FT 30-share index rose 7.5 to close at the day's best of 289.6. Official markings, though, improved only marginally.

GILTS retreated in the light of rises in U.S. Treasury bill rates and U.K. clearing bank base rates. Closing losses ranged to 1/4 in shorts and 1/2 in mediums and longs.



### INVESTMENT DOLLAR PREMIUM

Investment dollar premium closed 11 per cent up at 90 1/2 per cent after touching 91 1/2.

GOLD lost 75c to \$165 1/2.

STERLING drifted down to \$2.1360 before recovering to \$2.1415—down five points. Its weighted depreciation was 26.9 per cent (26.6); the dollar's was 3.05 (2.92).

WALL STREET closed 7.90 lower at \$10.15 on inflation fears after the failure of a mid-session rally.

UNEMPLOYMENT in West Germany rose by 33,100 to 1,035,200 in July—the first increase between June and July for 28 years. Page 6

NATIONAL IRANIAN Oil Company is negotiating a \$180m. deal under which the Victoria Street site of Abbey House in London will be developed as its headquarters. Back Page

### Raw material prices probe

PRICE COMMISSION is to examine the relationship between raw material price movements and retail prices. The Government is concerned at the possible impact of higher commodity prices on its counter-inflation policy. Page 7

PHARMACEUTICAL companies' scope for reclaiming money spent on promotion from the NHS is likely to be restricted as part of the Government's programme of expenditure cuts. Parliament Page 9

TGWU has asked its members employed by Scottish and Newcastle Breweries to moderate their claim for rises averaging 3.5 per cent a week. Page 8

MR DENNIS POORE should be sacked as chairman of NVT along with the rest of the management, and the group taken into public ownership, Labour MPs from the Midlands told Mr. Eric Varley. Page 7

MR ALAN LORD, a deputy secretary in the Department of Industry, has been appointed to a new post as second permanent secretary at the Treasury to develop its contribution to industrial policy. Back Page

POST OFFICE has shelved plans for a new £20m. headquarters in the City. Page 7

WINTRUST reports pre-tax profits halved to £0.8m. in the year to March 31. Page 14 and Lex

## Big four increase base lending rates 1/2% to 10%

BY WILLIAM KEEGAN, ECONOMICS CORRESPONDENT

The upward pressure of world interest rates has forced the big London clearing banks to raise their base lending rates by 1/2 per cent. to 10 per cent. with effect from this morning.

This is the first change in bank interest rates since April. It means that the overdraft rate for first class "blue chip" industrial borrowers goes up to 11 per cent., with corresponding increases up the scale.

At least two of the big banks hoped to hold base rate at the new level, this was by no means certain.

Mr. Derek Weyer, senior general manager of Barclays—the first of the big four to move—said: "Whether we shall be able to avoid a further increase depends on the level of interest rates over the next few days."

And Mr. Alex Dibbs, chief executive of National Westminster, emphasised that the increase of 1/2 per cent was "in our view the minimum corrective required."

The increases follow the rise in money market interest rates in the U.K. since the Bank of England raised its minimum lending rate on July 25. That move was itself prompted by a desire to safeguard sterling when, with U.S. interest rates going up, the attractions of London to overseas depositors were seen to be threatened.

It had been hoped that the rise in U.S. interest rates was a temporary phenomenon. But they have certainly not come down so far, and in fact U.S. treasury bill rate edged up a little further at the beginning of this week.

Since the beginning of the week when MLR was raised, the

three-month London inter-bank rate has gone up from 9 1/2 per cent. to 10 1/2 per cent. The general upward movement in money market rates has increased the cost to the banks of a significant proportion of their deposits raised in the money market.

There are differing views about the likely course of interest rates in the next week or so, and the clearing banks are known to have considered a full percentage point rise.

However, this was neither desired by the Bank of England—which is concerned enough already about the prospects for industrial investment in the current recession—nor was it considered wholly justified on the strength of other market interest rate movements so far.

Meanwhile the item at the centre of all this—the sterling dollar rate—edged down to yet another all-time closing low of \$2.1415 against \$2.1420 on Monday, although the BBC "snake" currencies improved some 1/2 per cent. against the U.S. currency.

In contrast to the 1/2 per cent. rise in overdraft rates, the banks have raised their rates for depositors by only a 1/4 per cent. to 8 1/4 per cent.

This widens again the spread between lending and deposit rates, and is put firmly in the context—at least by Barclays—of the need, shown by our recent interim results, to improve the present trend in profit ability.

The increase in base rates

coincides with the publication this morning of detailed monthly banking statistics showing that, by mid-July the banks collectively had improved their liquidity further, with reserve assets as a proportion of eligible liabilities rising from 14.6 per cent. to 15 per cent.

There was also a sharp rise in the banks' interest bearing liabilities—from £22.3bn. to £23bn.—which might on the face of it point to a sudden acceleration in money supply growth.

But it is believed that after seasonal adjustment the indicated change in the wider definition of money supply—M3—was not likely to prove to have been very great.

In the case of the London clearing banks, a rise of £563m. in advances to the U.K. private sector (during the half-July period) was mainly the result of half-yearly interest and commission charges, and less than could have been expected on seasonal grounds.

Banking sources say the underlying demand for advances continues to be weak, although some banks emphasise that since the detailed figures were compiled there has been an upsurge in demand for loans—simply because of the differential which arose between some money market rates and the clearing bank rates, before to-day's base rate changes.

This will have reduced the reserve asset ratios.

Lex, Back Page

## Crosland puts standstill on local council spending

BY COLIN JONES

LOCAL AUTHORITIES are to be told that their revenue expenditure for grant purposes next year will have to be limited to the equivalent in real terms of this year's spending.

This "standstill" was announced yesterday by Mr. Anthony Crosland, Secretary for the Environment, following analysis of the latest figures for local government spending in 1975-76. These have shown that the rate of increase in this year's spending is likely to use up the whole of this year's and next year's growth allocation and a bit more besides.

4.8% growth

When the level of rate support grant for the current year was settled last November, the Government and local-authority associations agreed that local spending for grant purposes should be allowed to grow by 4.8 per cent. in real terms, in the "indefinite" ongoing commitments.

At the same time, a real increase of 3.2 per cent. was provisionally set for 1976-77, but this was reduced to an increase of 1.5 per cent. following the public expenditure cuts announced in the Budget in April.

Next year's "targets" were based on this year's permitted increase rather than on what is eventually spent this year. It was the first time this formula had been used since the present

rate support grant system began almost a decade ago.

Local current spending this year now looks like running about 2 per cent. over target in real terms, and is thus higher than the figure the Government had provisionally set for 1976-77.

In calling for a standstill next year, the Government appears to be reconciling itself to a level of expenditure in 1976-77 which will now be somewhat above previous estimates. In current price terms, the difference between a real increase of 1 1/2 per cent. and one of 2 per cent. would probably be in the region of £50m.

Mr. Crosland has undertaken to advise local authorities how to achieve next year's standstill, but in the last resort the choice will be that of individual councils.

The key question therefore is whether local authorities, having failed to keep within this year's growth, will manage to achieve an actual standstill next year. If they do not, the outlook for next April's rate increases is indeed grim.

The alternative will be widespread cuts on services which in turn will inevitably mean redundancies among local authority employees. Even those councils which have so far managed to keep within the Government's guidelines—as many have—will be hard put to hold their spending level next year.

Their difficulties arise from the rate of deceleration in local

spending which Ministers have been calling for. This year's permitted increase is about half the 9-10 per cent. average rate of real growth recorded in the past three financial years.

Past calls for expansion of particular local services, coupled with the forward revenue implications of capital expenditure, even at the present reduced level generate a momentum in revenue spending which is hard to rein back.

### Re-appraisal

If next year's standstill in expenditure for rate-grant support purposes is to be followed, as Ministers have been indicating, by several more years of oil or very limited growth, then a major re-appraisal of local services will now be unavoidable.

Mr. Crosland's announcement yesterday raises other implications of the Government's warning that it will withhold grant payments if the £6 pay limit is broken will be weakened if there is a substantial increase in rate calls.

On the other hand, this year's increase in local spending will have strengthened the hand of those who are pressing for the Government to take power to control local budget-making or, alternatively, to supervise their rate-raising powers.

Cut subsidies call Back Page

## July car sales at 16-year low

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

THE DEPTH of the present depression in the U.K. motor industry was confirmed yesterday with the publication of the lowest July registration figures for 16 years.

At the same time imports have maintained their grip on more than 30 per cent. of the total market, as they have throughout the year, and Datsun remained at the top of the importing league.

Although July is traditionally the worst month of the year for car registrations—mainly because many customers elect to take delivery of new cars in August when they get the new "P" registration suffix—the underlying downward trend is worrying manufacturers.

Total sales last month, at \$6,991, were 14 per cent. down on the same period last year.

In response to these statistics and the new Government £8 pay limit, some industry economists have reduced their estimates for the total U.K. market figures will be. However, the Society of Motor Manufacturers and Traders, the industry's main statistical body,

U.K. CAR REGISTRATIONS				
	July '75	(% share)	July '74	(% share)
British Leyland	17,750	31.1	18,603	28.22
Chrysler U.K.	4,877	8.6	5,719	8.67
Ford	10,977	19.3	20,031	30.38
Vauxhall	4,562	8.0	4,764	7.23
Total British	38,298	67.2	49,376	74.89
Datsun	3,222	5.7	2,145	3.25
Renault	3,022	5.3	3,080	4.67
VW/Audi	1,756	3.1	1,757	2.67
Fiat	1,702	3.0	2,542	3.86
Total imports	18,693	32.8	16,552	25.11
Total	56,991	100	65,928	100

has downgraded its estimate of sales this year from 1.15m. to only 1.14m.

As far as imports are concerned July showed another fall off from the record 38.44 per cent. achieved in April this year. But at 32.8 per cent. of the market, they registered a considerable increase on the 23.1 per cent. in July last year, and the total U.K. market figures will be.

However, the Society of Motor Manufacturers and Traders, the industry's main statistical body, has ignored the Trade Secretary's plea to "search their

conscience" and buy British. The SMMT, which published the preliminary July figures yesterday, calculates that some 41,000 of the early August registrations are cars which were actually sold in July. Of this total well over 40 per cent. are believed to be imports, and about 20 per cent. Japanese cars.

Last month, British Leyland's share of the market increased to 31.1 per cent. from 28.22 in July last year. Chrysler, which

Continued on Back Page

## P.O. goes to aid of Robb Caledon

BY NICHOLAS LESLIE

ROBB CALEDON shipbuilders, the Dundee-based shipbuilding and ship-repairing group which is on the Government's "shopping list" for nationalisation, has been rescued from the brink of collapse by a Post Office-guaranteed loan of £2.5m.

The Post Office is awaiting delivery from Robb Caledon of two cable repair ships and it emerged yesterday that the company has suffered substantial losses on the contract for these vessels.

In February, after the announcement of a £480,000 first-half loss, Robb Caledon's Board said it expected a small profit for the year to March 31, 1975, assuming normal output.

However, a letter from Sir John Brown, chairman, posted to shareholders yesterday, says "very substantial losses" have been incurred because of labour problems, inflation, and delays in the provision of services and materials from three main subcontractors on its cable repair ships contract.

As a result, a loss of £155m. is expected for 1974-75. Robb Caledon tried to get the contract renegotiated, but this was refused by the Post Office which, anyway, did not put in the order for the ships. This was done by merchant bankers Samuel Montagu, who will own them and rent them to the Post Office on a "demised charter" basis—that is, exclusively to the Post Office for the lifetime of the vessels.

Because of the size of the loss in relation to Robb Caledon's net assets—£1.64m. at March 31, 1974—extra capital was clearly needed, and this the company has secured by way of a subordinated loan of £2.5m. for up to 15 years. The funds will be made available by Lazard Brothers, under a guarantee of the Post Office.

A further £500,000 will be available over two years by the issue of redeemable Preference shares at par, funds again being available from Lazard.

Sir John's letter also disclosed that Robb Caledon has exceeded its borrowing limit of £1.64m. with group bank borrowings and loans at June 30, 1975, totalling £3.13m. Approval of shareholders is being sought to an increase in borrowing powers to a total of £3m. or two-and-a-half times the adjusted share capital and reserves—whichever is the greater.

£ in New York

	Aug. 5	Previous
Spot	\$2.1390-1390	\$2.1405-1415
1 month	0.75-0.70 1/2	0.95-0.90 1/2
3 months	1.15-1.10 1/2	1.45-1.40 1/2
12 months	2.00-1.70 1/2	2.35-2.25 1/2

## Shore plans early 'worker director' law

BY JOHN ELLIOTT, LABOUR EDITOR

GOVERNMENT PLANS for based on unions and worker directors, and second that the inquiry is particularly told to take the TUC's proposals into account. No such reference is made to the CBI's work on the subject.

Nevertheless, the committee will start its work within the next couple of months and Mr. Shore yesterday urged those interested to start preparing evidence immediately. But the CBI said it would decide whether to give evidence when it saw its composition.

Mr. Len Murray, TUC general secretary, not surprisingly, welcomed the Government's commitment to early legislation and described as "a step of major significance in the development of our society and industry" the fact that Ministers have accepted the need for a "radical extension of industrial democracy in the control of companies on Boards of directors and accepts the essential role of unions in this process."

Yesterday's announcement follows several weeks of delicate negotiations between the Government and the TUC with Mr. Shore being anxious not to rush into immediate legislation.

He believes that the company law and other aspects of the question need careful study—not least at a time when union leaders are far from united on the 50-50 union elected directors idea. On the other hand, the TUC has been anxious that the inquiry should not be free ranging enough to come up with wider industrial democracy.

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Lombard

# 'Irrelevance' of Treaty of Rome

BY C. GORDON TETHER

WITH THE SWING to the Left in Mediterranean Europe gathering momentum, the intensified debate over the future of the Common Market triggered off by the British people's vote to stay in has, not surprisingly, developed a preoccupation with the political question-marks that are looming increasingly large in the continent.

But there are also many economic issues that have to be resolved before the EEC "Vision" can get under way again. And the starting point for this part of the exercise must surely be to ask whether the Rome Treaty concept of an area functioning as an untrammelled "market economy" can itself be considered to make sense in the economic context of today.

I was interested to see that Mr. Justin Keating, the Irish Minister for Industry and Commerce, featured this aspect of the prospective EEC scenario in his contribution to the EEC's recent seminar in Dublin on "Europe After the Referendum." He correctly pointed out that the EEC dream as visualised by the Rome Treaty had, as its primary thrust, the establishment of a region wherein there would ultimately be completely free movement of goods, capital and labour, all with an eye to creating an "undistorted market economy."

Such a concept, Mr. Keating went on to argue, could not be reconciled with either regional or industrial development from which, he said, it followed that the Treaty itself had to be regarded "as a confused and self-contradictory document which was becoming less and less relevant."

## Hard words

They are hard words, indeed, to say about the bible of the European Community idea. But that they come disconcertingly close to the truth can hardly be denied.

We can now see that there are serious doubts as to whether it is possible to keep the ring for the free functioning of a market economy covering such a vast and diverse area as that represented by the Community of Nine without the intervention of an intolerably oppressive bureaucracy.

More important still is the question of whether the creation of a single "market economy" of such dimensions is compatible with present-day insistence that

all governmental actions should have proper regard for regional disparities. And the sympathetic debate over the future of the Common Market triggered off by the British people's vote to stay in has, not surprisingly, developed a preoccupation with the political question-marks that are looming increasingly large in the continent.

As Mr. Keating pointed out in his speech in Dublin, regional disparities have actually been becoming more marked in the Community. And it was Mr. George Thomson, that great British devotee of the Common Market dream, who warned the same conference that Europe is becoming increasingly divided into two communities—one prosperous, the other underprivileged—with the underprivileged periphery starting to stretch out its tentacles, moreover, to form growing pools of poverty in the EEC's prosperous heartland.

## Regional aid

The stresses which the formation of a single market like the EEC generates in this way can, of course, be mitigated by bolstering up the penalised areas with subsidies of one kind or another. But whether there is ever going to be the necessary readiness on the part of the Community's "prosperous heartland" to make money available at its own expense on the scale required is another matter.

The sums the EEC has donated in regional aid for the 1975-77 period of around \$400m. per annum will manifestly go no further than scratch the surface of the problem. And though Mr. Thomson's hope that subsequent allocations will be much larger may well be fulfilled, it is hard to see them keeping pace with the need—which is itself bound to grow at a fast pace as the "market economy" moves into its own.

It can, no doubt, be argued that it is also becoming apparent that economic activity of all kinds is becoming increasingly difficult in remaining viable in a modern context unless it can get the savings which go with producing in large quantities. It can also be argued it is much easier to satisfy this requirement within a large market than a small one. But that does not alter the fact that the Rome Treaty is, as it stands, becoming less and less relevant to the realities of economic life in the Community. And the immediate need is to find out whether—and if so how—it can be suitably updated.

## GARDENS TO-DAY

# Tracing Capability Brown

BY ROBIN LANE FOX

"THIS ISLAND" I was reading recently "is abandoned to kitchen gardeners well skilled in the culture of salads, while peasants emerge from the mellow ground to turn professor. Whole woods are swept away and the room for a little grass and a few flowers. Our virtuous have scarcely left an acre of shade nor three trees growing in a line from Land's End to the Tweed, and if their humour for devastation continues to rage much longer there will not be a forest tree left standing in the whole kingdom."

## Monstrous

Not, as you might think, an attack on the shameful vulgarity of local authorities but a blast by the Treasurer of the Royal Academy 200 years ago against none other than Capability Brown. Like all such blasts, it was monstrous. Brown had spent his life in planting drifts of trees in every one of his natural landscapes. The blurb of the mellow, that uncomfortable bed of rich dung, had been invoked against him often, and unjustly.

In fact he was the son of a Northumbrian yeoman farmer, born in the village of Kirkstall, from where he progressed locally to the huge landscape scheme of Sir William Lorraine, a nearby baronet, who knew that there was more to life than a melon and therefore ordered over 20,000 forest trees for his new prospect. Brown had his chance young, and took it without ten years training in a polytechnic.

A re-issue of Dorothy Stroud's definitive narrative of Capability Brown's career (Faber's £12.50, 262 pages) prompts some melancholy thoughts. The landscape garden of the eighteenth century is well-known as the one art form which was allied to painting and yet remained peculiarly British. The continental entry of the "soft English garden" is not dead yet, but the imitations are mostly grotesque.

The landscape garden was not just a happy conjunction of trees and climate. It rested on a view of life, nature and society which could not be transplanted. Its foundations have changed as society has changed. There was no place in Brown's universe for the bourgeois ideals of pavement and precinct, safety by street-lighting and tarmac access to the complacent nests of the bureaucrat. Nature was to be tamed, of course, but the taming rested also on an aesthetic ideal which stood at the centre of morality.

How many of us plan, or care,

for what will happen, finances apart, when we are dead? How often do we read or think or talk about the nature of the beautiful or what beauty is? Brown planted landscapes which he knew he would never see as he intended in his lifetime. He had to endure ridicule as a planter of clumps when he knew that these clumps were mostly a temporary cover for thinned groups of mature forest trees. He worked in a world whose patrons thought that they knew, or others knew, what beauty was.

Aesthetics is a dead subject nowadays, even among philosophers, and aestheticism has sunk to the last resort of the ineffective. But Brown's world was the world of Hogarth's Analysis of Beauty, Burke (and then Kant) on the Origin of the Sublime and Beautiful. Criticism has tended to flourish when an art is past its best and no longer assuredly granted as part of a society's activity. Yet, the landscape garden was rooted to the same soil as essays of critical theory and was sustained by their companionship.

The men of the eighteenth century knew very well what beauty was. "Why," wrote Burke, "most people must have observed the sort of sense they

had of being softly drawn in an easy coach on smooth turf, with gradual ascents and declivities. This will give a better idea of the Beautiful than almost anything else."

It was a beauty of the smooth serpentine curve, the sinuous line of Brown's lakes and theatres of trees and of a well-made Chippendale table. To define the Beautiful nowadays would be to invoke the most formal ideas of proportion and exactness.

But Brown's patrons equated the tyranny of formality in landscape with the political tyranny of suppressed human liberty. The natural garden and the campaign against parterres and topiary belonged largely, but not exclusively, with the tastes of the Whig nobility. For us, artistic taste and moral theory are no longer part of the same.

Miss Stroud's book lists Capability Brown's known commissions and illustrates many of them handsomely. They tended to group into local clusters, a native group in Northumbria and the inevitable cluster between Buckinghamshire and Middlesex, including that at Syon House.

The grandest and most accessible of them is still Blenheim where Brown's brusque treatment of an earlier parterre and formal water-canal is easily forgiven when one sees his magnificent serpentine lake and belted prospect of forest trees. The plan to Colchester was abandoned, and visitors to the park, open daily, can decide whether the effect was really necessary.

The most melancholy part of the catalogue is not the reflection which it prompts on our own tastes, for we have decided to do things differently. It is the list of the few gardens by Brown which are still recognisable as Brown would have wished.

The finest would be Petworth where, if it did not ruin the whole and story, the proposals to run a by-pass straight through the most admired 18th century landscape in England are not dead yet, though those who accompanied the proposal by denying that Brown ever had anything to do with the site any more deserve to have their noses rubbed in a basic text on British architecture.

To my eye, the next best Brownian landscape is the park at Bowood in Wiltshire, as yet unthreatened. It is the only survivor from the first Earl of Selbourn and his initial visit and his heavy bill of 60 guineas for the outing. He passed two days with me, moreover, and so time assured me that he did not know a finer place in England and that he is sure no prince in Europe has so fine a fruit garden."

There was little sign of action, for Brown knew that consultants are advised to waste time.

## Memorable

A tour round England with Miss Stroud's new edition would have some memorable rewards. It might also encourage you to care for the traces of Brown which are still visible. My favourite Brown anecdote is otherwise likely to gain in meaning. An ironic admirer once remarked that he hoped, at least, he would predecease Brown, and when he was asked why he answered that he hoped to see Heaven before Brown had improved his capabilities. If we have hope, to allow Brown's parks to be built and landscaped, the hope of seeing an 18th century landscape will have to be postponed to his corner of a better world.

## Racing is on Page 10 to-day

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## TV Radio

† Indicates programme in black and white.

### BBC 1

9.35 a.m. Wacky Races. 10.05 a.m. News. 10.15 a.m. Cricket. 10.45 a.m. News. 11.00 a.m. News. 11.15 a.m. News. 11.30 a.m. News. 11.45 a.m. News. 12.00 p.m. News. 12.15 p.m. News. 12.30 p.m. News. 12.45 p.m. News. 1.00 p.m. News. 1.15 p.m. News. 1.30 p.m. News. 1.45 p.m. News. 2.00 p.m. News. 2.15 p.m. News. 2.30 p.m. News. 2.45 p.m. News. 3.00 p.m. News. 3.15 p.m. News. 3.30 p.m. News. 3.45 p.m. News. 4.00 p.m. News. 4.15 p.m. News. 4.30 p.m. News. 4.45 p.m. News. 5.00 p.m. News. 5.15 p.m. News. 5.30 p.m. News. 5.45 p.m. News. 6.00 p.m. News. 6.15 p.m. News. 6.30 p.m. News. 6.45 p.m. News. 7.00 p.m. News. 7.15 p.m. News. 7.30 p.m. News. 7.45 p.m. News. 8.00 p.m. News. 8.15 p.m. News. 8.30 p.m. News. 8.45 p.m. News. 9.00 p.m. News. 9.15 p.m. News. 9.30 p.m. News. 9.45 p.m. News. 10.00 p.m. News. 10.15 p.m. News. 10.30 p.m. News. 10.45 p.m. News. 11.00 p.m. News. 11.15 p.m. News. 11.30 p.m. News. 11.45 p.m. News. 12.00 a.m. News. 12.15 a.m. News. 12.30 a.m. News. 12.45 a.m. News. 1.00 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## WORLD TRADE NEWS

## South East Asia seeking more trade with EEC

BY OUR OWN CORRESPONDENT

MANILA, August 5.

A 24-MAN delegation from the European Parliament has begun talks with Philippine Government ministers aimed at improving relations between the Association of South East Asian Nations and the EEC.

The delegation, which is headed by Mr. George Spanghel, president of the European Parliament, is spending three days in the Philippines as part of a tour of ASEAN countries.

Mr. Spanghel told Mr. Carlos P. Romulo, Philippine foreign secretary, that the EEC was prepared to import more products from ASEAN countries and give more technical co-operation on new developments as part of its drive to improve trading links.

At present, only 12 per cent of the Philippines' U.S.\$2.57bn. of exports go to the EEC.

The Netherlands was the biggest importer last year, taking \$160m. of goods, or more than half the EEC total intake. Britain imported \$66m. worth of Philippine goods, but exported \$132m. worth here.

The British member of the party, Mr. James Scott-Hopkins,

said several sectors of possible co-operation with ASEAN countries had already been identified and the mission would make concrete proposals on its return.

The visit to ASEAN countries coincides with the first agreement for trade liberalisation among ASEAN countries. India, Laos, the Philippines, South Korea, Sri Lanka and Thailand signed a pact in Bangkok last Friday which Mr. Trosadio T. Quizon, Philippine secretary of trade, sees as the first step towards an EEC-type trading union in Asia.

The second South East Asian and Japanese Businessmen's Conference, which ended here last Friday with expressions of mutual goodwill, has apparently failed to heal the rift between the participating countries.

Developing countries of the Association of South East Asian Nations were seeking greater access to the Japanese market and assurances of stabilised Japanese demand for their raw materials.

On the other side, the Japanese sought to eliminate discrimination against their ex-

ports and wanted to secure support for their proposal of fixed-price raw material supply contracts.

The ASEAN nations (Indonesia, Thailand, Malaysia, the Philippines and Singapore) began the conference with a day of private talks from which the Japanese were excluded. Having apparently decided their strategy, the conference went into full session in private. But despite expressing satisfaction at the final public session, delegates from both groups have privately suggested that the air of mutual suspicion which followed Japanese cutbacks of imports from South East Asian countries had not been dispelled.

The resolutions finally passed by the conference included an agreement to adopt a co-operative marketing programme for common exports and commodity products exported outside the region to ensure stable prices and supply contracts. Another agreement provided for co-operative procurement of capital equipment and industrial inputs from countries outside the region to obtain favourable prices and steadier supplies.

## Report from Israel Shortage of cement

By L. Daniel

TEL AVIV, Aug. 5. LARGE-SCALE building activity by residents of the Occupied Territories has left the Israeli market short of cement, in spite of lower home construction within Israel. Nesher, the local cement producer, has just signed contracts with importers to buy in Europe 100,000 tonnes. Demand by residents of Israel and the Occupied Territories is currently 200,000 tonnes monthly.

## Aircraft

Export sales of Israel Aircraft Industries are expected to double annually during the next two years, and for the current fiscal year are put at \$55m. Demand is constantly growing for aircraft, patrol boats, missiles, communications and radar systems, and a variety of other military and civilian items.

## Electronics

Tadiran, one of Israel's "Big Three" electronics manufacturers, trebled first-half 1975 exports to \$24m. against a year earlier, having already exceeded the whole-year 1974 figure of \$18m. A joint Israel-U.S. venture, Tadiran's 1975 export target is \$52m., predominantly of military communications equipment. The proportion of non-military equipment being sold abroad, however, is increasing steadily.

## Diamonds

Israel's polished gem diamond exports improved in July to \$50.45m., or 9.6 per cent. above a year earlier. But the rise did not offset the decline of preceding months, so that the January-July total of \$322m. was 4.2 per cent. below the comparable 1974 period. Current earnings, however, were stable as the mines on which the industry now concentrates almost exclusively yield more net foreign exchange than large stones. The Diamond Exporters' Association closed this year for a fortnight from August 1 instead of the usual one week.

## Exports

Israeli agricultural exports rose 47 per cent in the first half-year compared with an increase in total exports of only 11 per cent. Sales abroad of both fresh and processed produce are expected to reach \$150m. by 1980. Half-year textile exports fell 33 per cent to \$23.4m.

## IN BRIEF

**China-Japan fisheries** After two years of negotiations a Japan-China fishery agreement has been initiated and will be signed in Tokyo on August 15. No details have been disclosed.

## Hapag-Lloyd

Hapag-Lloyd, Hamburg, is starting on September 15 a weekly Conference container service between the U.K. and Canada via Halifax, serving the U.K. ports of Felixstowe and Greenock. Transit time to Halifax is six days after leaving Greenock, the last European loading port.

## Selling to Japan

A conference on selling consumer goods in Japan, with 100 million in sales, is being held at the Cafe Royal, London, on October 14, organised by the British Overseas Trade Board. It follows the success of 62 British store promotions in Japanese department stores last May.

## Bourbon whisky

New Zealand is now second largest importer of Bourbon whisky according to U.S. Government figures, coming second only to West Germany, which although it imports eight times more than New Zealand, has a population 20 times larger. U.S. Bourbon has created problems for New Zealand's recently established domestic whisky industry, which is having trouble making headway against imported Scotch, U.S. and Japanese whiskeys.

## Exhibitions

Forty British companies have far exceeded the British Fair Commission's target for participation in Ghana's Third International Trade Fair in February, 1976. Mr. Frank Mills said the High Commission expected more British companies to display individually at the fair. The U.K. Government has added, had acquired 64 square metres of space for companies that wanted to participate. Many countries from both East and West, as well as Africa, will attend.

Thirty-seven U.K. companies are showing at three exhibitions in Romania and Russia, this month and next. At the International Exhibition of Computers and Ancillary Equipment, Bucharest (August 25-30), the first of its kind in Eastern Europe, buyers are expected from China, Iran, Kuwait and Eastern Europe. At Dnepetk (August 26-September 7) the exhibition of Mining Industry Equipment will be visited by 30,000 Russian engineers and managerial staff. The Moscow (September 2-16) International Exhibition of Equipment and Appliances for Mechanisation of Designing Technical and Office Work is one of the two major 1975 trade fairs, with exhibitors and visitors from most East and West European countries, North America and Japan.

## AMERICAN NEWS

## Kissinger 'hopeful' before meeting with Israel envoy

BY ADRIAN DICKS

WASHINGTON, August 5.

DR. HENRY KISSINGER, the Secretary of State, resumed his go-between role in the Middle East peace search to-day by calling a meeting with the Israeli Ambassador to Washington, Mr. Simcha Dinitz. He was expected to convey to Israel the Egyptian response to Israel's most recent proposals on disengagement of forces and rearmament of territory in the Sinai.

The Egyptian response was delivered to the Secretary of State and to President Ford in Belgrade on Sunday by the U.S. Ambassador to Cairo, Mr. Herbert Goldhamer. There has been no word from the U.S. side to indicate the tone of the Egyptian message, although the President was quoted as saying he remained cautiously optimistic about the prospects in the Middle East, and Dr. Kissinger said he was hopeful that he could move it forward as a result of the exchanges still taking place.

Meanwhile the Washington Post reported today that the American authorities are holding up export licences for a wide range of military equipment requested or ordered by Israel, some of it in the pipeline since well before Mr. Ford announced last March that a review of Middle East policy was being undertaken.

According to the Post's sources in the U.S. Government, licences for dozens of items normally granted as a matter of routine have been held up. They are said to include spare engines for the F-4 Phantom and for the Israeli-built Kfir aircraft, parts for tanks, electronic and night vision equipment, and artillery upgrading kits.

The Post also reports that in some cases Israeli officials have been held up and have learned that many are ready for shipment. An obvious implication, therefore, is that the official U.S. policy of leaving the supply pipeline open to the Israelis is in fact being altered in practice in such a way as to keep supplies at a low level.

Dr. Kissinger's current round of peace discussions is in progress. Early last spring,

the Administration has already got itself into difficulties with Congress over proposed arms sales to Arab countries, and could face further embarrassment if there is confirmation of a go-slow policy on sales to Israel.

It was forced to withdraw a request for Congressional permission to sell a \$350m. air defence system to Jordan — a commitment that appeared to have been made while the Middle East policy review was still under way. Yesterday it was confirmed that the State Department had been discussing a sale of about \$10m. worth of assorted weaponry to North Yemen.

Meanwhile the Israelis are understood to be revising their own shopping list of new weapons (as opposed to those already in the pipeline). The State Department spokesman confirmed yesterday that an arms purchasing mission is expected here later this month to discuss a \$250m. package that was first presented to the Administration early last spring.

## Fed pressed to relax tight credit

By Jay Palmer

NEW YORK, August 5.

THE U.S. Federal Reserve Board, following its disclosure last week that its moves to hold back the growth in money supply had helped to push interest rates higher, is coming under increasing pressure to ease its tight credit stance. Of particular concern at the moment is evidence suggesting that rising interest rates are cutting back deposits at savings institutions seriously enough to damage hopes of a sustained recovery in housing.

Last week Dr. Arthur Burns, the Chairman of the Federal Reserve Board, admitted that Fed open money market operations had helped to send interest rates higher. This Fed policy was defended on the grounds of having to bring back the temporary boom in money supply to target levels of between 5 and 7 per cent.

However, this policy is now being bitterly criticised on the grounds that any temporary increase in money supply (stemming from tax rebates and special security payments) would, for a time, damage the economy that the cure of rising interest rates.

## Foreign ownership in Venezuela oil decried

BY JOSEPH MANN

CARACAS, Aug. 5.

FORMER VENEZUELAN President Rafael Caldera has spoken out here against the formation of mixed capital companies in the petroleum industry after nationalisation.

In his first comprehensive public statement on the Government's oil industry nationalisation scheme since leaving office in 1974, the ex-President argued strongly against foreign ownership in the Venezuelan State oil industry, which will become a reality some time this year.

Sr. Caldera, opening a debate on the nationalisation measure in the Venezuelan Senate, called for an "integral" takeover of the country's multi-billion dollar oil industry. The position assumed by the former President, who also the symbolic leader of the nation's most important political opposition

group, the Social Christian Copel Party, seemed to crush hopes for a reconciliation between Copel and the Government party, Democratic Action.

He desired to permit associations with foreign oil companies under certain circumstances after nationalisation, saying that Venezuela will need advanced technology to efficiently manage her oil industry, the largest and most complex in Latin America. Copel and the parties farther to the Left have demanded a "complete" nationalisation with a very limited role for foreign oil companies. Venezuela, which produces about 2.3m. barrels of oil daily, will take over its most important industry some time this year. The Venezuelan Government has been studying the oil nationalisation measure since mid-March.

## Sears sued over advertising

LOS ANGELES, August 5.

THE CALIFORNIA State Court, claims that Sears for the past three years has been printing advertisements which were arranged and composed in a manner which created the impression that all the items appearing were available at sale prices. The court said that the advertisements were in fact "regular prices" when in fact they were not.

The suit, filed in Superior Court,

## UNMANNED SPACEFLIGHT

## Viking raid on Mars

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

WITH MANNED U.S. space flights now ended for the next few years, the countdown is well under way for the launching at the beginning of next week of America's most ambitious unmanned space venture so far — the \$850m. programme to put two automated laboratories of scientific instruments on to the surface of Mars by the summer of next year.

For several months, those laboratories are expected to take pictures, and to conduct a detailed scientific examination of the surface of the planet, including a search for extraterrestrial life, relating the information back to earth.

The Viking programme, as it is called, is significant because it reflects the emphasis towards unmanned activities that the American space programme has been increasingly to adopt as the manned Apollo programme approached its end with the recent U.S.-Soviet Apollo-Soyuz link-up in near-Earth orbit. With no more manned flights of any kind planned until the Space Shuttle system becomes operational around the end of this decade, the National Aeronautics and Space Administration (NASA) henceforth will be concentrating on all the various unmanned activities of space research, both to gain the maximum amount of new knowledge from a limited budget and to convince a sceptical public and Congress that money spent on space is worthwhile.

Thus, a whole new generation of "applications technology" satellites is being born — such as Marisat for maritime communications, Arosat for aeronautical communications, a series of Landsat for earth-resources monitoring, and Seasat for the study of the oceans, with ideas gestating for even bigger ones, such as Powersat — a long-term multi-billion dollar idea for a vast "power station" in space, several miles across, that would look like a star at night and tap the sun's energy and relay it to earth.

These are very much the bread-and-butter type of space applications, whose objectives the man in the street can understand. There are many other, much more scientifically-oriented satellite ventures, designed to extend man's knowledge of the planet on which he lives and his relationship to the rest of the Solar System.

Beyond this, however, there is

a deeply felt need inside NASA to go even further, to extend that knowledge to cover the outer planets themselves.

There have been some significant unmanned "deep-space probes" — such as to Jupiter and Venus; the Mariner "fly-by" missions to Mars in 1965 and 1969, which produced photographs of the Martian surface; the 1971-72 Mariner 9 orbital flight of Mars which produced over 7,000 detailed pictures of the surface and encouraged scientists to seek more knowledge; and the Mariner-Mercury III venture earlier this year which took a third and much closer look at Mercury from 200 miles up.

From those beginnings, the Viking venture too has taken shape. For the past three years or so, it has

covering some 500m. miles. After a period in orbit, its Lander craft will touch down on the planet on about September 8, next year.

Each Viking is packed with instruments that will be used to conduct a wide range of scientific investigations. The two Orbiter craft will photograph the planet and map its atmospheric conditions, to yield information on water concentrations, surface temperatures, clouds, dust storms, and the shape and colour of terrain features. The two Lander craft will take photographs from the surface, and will have instruments to study the planet's biology, molecular structure, inorganic chemistry, meteorology, geology, and its physical and magnetic properties.

On the surface will be "powered down" in the hope that they will be able to survive the so-called conjunction period when the Sun is between Earth and Mars, cutting off communications.

In all, the venture is one of the most scientifically exciting that NASA has embarked upon for a long time. In purely scientific terms, it will yield more knowledge than the recent manned Apollo-Soyuz manned space link-up, which had basically political undertones. The Viking venture which will be controlled by a team of 700 engineers and scientists at Cape Kennedy and NASA's Jet Propulsion Laboratory at Pasadena, California, is intended to be a logical step forward in a series of major man-at-deep-space probes that will last through to the end of this decade, all of which collectively may well rewrite completely man's knowledge of the origins of his own planet and of his neighbours in the Solar System.

For beyond Viking, NASA is already working on a plan to send two Mariner spacecraft to Jupiter and Saturn in 1977, a Pioneer craft to Venus in 1978, and a Titan mission in 1979, while closer to home there are plans for a joint U.S.-European Space Agency study of the relationship between the Sun and the Earth. These ventures will be expensive, some costing as much, if not more, than Viking.

But NASA is convinced that it is right to use at least part of its funds for this purpose. What is now required is proof from the Viking venture that the broad strategy behind such quests for knowledge in deep space is right. That is why the engineers and scientists involved will be watching closely as Viking 1 soars aloft on Monday atop its giant Titan III/Centaur combination rocket.

Nobody is expecting to find "intelligent life" — of the kind that some scientists as recently as the end of the 19th century believed were responsible for building the so-called "canals" on Mars — in reality, back on Earth, the reality of thousands of kilometres long which appear to be a natural terrain feature. But what scientists are hoping to discover is whether the Martian atmosphere is capable of sustaining life of the micro-organic kind and whether there are any clues there as to the formation of the Solar System and the origins of life on Earth itself. The Viking mission will formally end around November 3, next year, when the two craft

## Big new Canadian mine find anticipated

By Robert Gibbons

MONTREAL, August 5.

TEXAS GULF INC., new 33 per cent owned by the Canada Development Corp. and Sander of Canada's richest silver-mine near Timmins, Ontario, in the 1960s, may be on to a major new mine near Yellowknife in the North-West Territories.

Texas Gulf has a claims group of 25,000 acres near Inuk Lake, 225 miles north of Yellowknife, and has drilled 29 holes on the property. It has released assay results on the first 14 holes, which showed zinc values up to 20 per cent, copper values of two per cent, lead to two per cent and silver values averaging about two ounces per ton.

Individual sections showed much higher values of copper, lead and silver. The structure appears highly contorted and there is wide variation between sections. Texas Gulf said, though metallurgical problems would not be likely. The company has a rough idea of the size of the deposit, but the estimate until further drilling is completed.

It said that copper values seem to be getting richer as the drills move east on the structure. Although it cited access problems, these would not be serious if the property proves to be a large potential mine.

## GM discloses Korea payment

By Jay Palmer

NEW YORK, Aug. 5.

GENERAL Motors has disclosed that the Shinjin group, its equal-share partner in General Motors Korea, made a previously undisclosed political contribution of \$250,000 in 1972 ostensibly on the American motor company's behalf. GM told the Senate subcommittee looking into the operations of American multinational corporations that it had never authorised this payment, it did not know who the recipient was and that it had been trying unsuccessfully ever since to recover the money. The car company's disclosure followed earlier denials that it had ever made direct political contributions in Korea. The company had admitted making contributions to non-political organisations in that country and directly to political parties in Canada.

GM said that the payment had been made in the autumn of 1972 by the Shinjin group "on behalf of General Motors Korea." Since then, the company said, GM Korea has received repeated requests from its partner to reimburse the joint-venture for a portion of the contribution.



\$100,000,000

## Kingdom of Norway

8 3/4% Notes Due July 15, 1980

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July 24, 1975

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## OVERSEAS NEWS

## Mrs. Gandhi's Bill approved

BY OUR ASIA CORRESPONDENT

THE LOK SABHA, India's Lower House of Parliament, yesterday passed legislation which would allow Mrs. Indira Gandhi to remain Prime Minister for a second term, but not to be re-elected to the post.

The Opposition campaign and threat to resort to civil disobedience triggered off Mrs. Gandhi's declaration of a State of Emergency. She claimed that there was a plot to overthrow her government. The Opposition campaign and threat to resort to civil disobedience triggered off Mrs. Gandhi's declaration of a State of Emergency. She claimed that there was a plot to overthrow her government.

The Bill now goes to the Rajya Sabha, the Upper House, for its approval. Mrs. Gandhi has a strong majority there, so the passage is certain, and then she will be free of the stigma of election non-compliance which threatened to disqualify her and effectively end her political career.

That was the statutory punishment awarded by Mr. Justice J. M. L. Sinha in the Allahabad High Court after he had found her guilty of two counts of corrupt election practices during India's last general election campaign in 1971.

The convictions led to an outcry from the Opposition that Mrs. Gandhi must immediately resign. These cries were not stifled when

## Casualties mount in Lebanon border raid

By Hasan Mijazi

BEIRUT, August 5.

FOUR LEBANESE Army officers and five Palestinian guerrillas were killed in an Israeli attack on the Tyre district of Lebanon's southern coast early today.

The Lebanese Army and the Palestinian guerrillas were engaged in a battle in the Tyre district of Lebanon's southern coast early today. The Lebanese Army and the Palestinian guerrillas were engaged in a battle in the Tyre district of Lebanon's southern coast early today.

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BRIGADIER (retired) Ataur Rahman Siddiqui leant back and laughed: "She should send for me. I could tell Mrs. Gandhi how to run her emergency. Her pronouncements bear remarkable similarities to the ones we were issuing a few years back."

Brigadier Siddiqui should know: from 1969 to 1973, when he retired, he was in charge of public relations for Pakistan's armed forces. This period included the crackdown and later defeat in East Pakistan (now Bangladesh) the final fling of the military dictatorship and the coming of civilian rule.

There was something of a nervous edge to that laugh, especially when the Brigadier admitted that Pakistan had bungled its case. He said he was glad to be beyond that period of his life.

In many ways his nervousness typifies the Pakistan reaction to the emergency in India. Several Pakistanis, including politicians, officials and military men have told me, not quite in triumph: "You see we are now the most democratic country on the sub-continent, now that Bangladesh and India have gone over to virtual dictatorship."

But all the time they watch you for some confirmation. Pakistan is hardly a paragon of all the democratic virtues. In Baluchistan and the North West Frontier Provinces the Prime Minister, Mr. Zulfikar Ali Bhutto, has imprisoned thousands of people in the name of preserving democracy.

Pakistan officially has gone out of its way to be careful and restrained, following the line that the emergency is India's internal concern. The Press has obviously been told not to crow, and though it has cheerfully reprinted adverse foreign reports on the situation in India, it has manufactured nothing of its own.

Ordinary people display a mixture of emotions. A few are happy, especially that the inter-standis quickly say they have been

Pakistan has been watching recent events in India with a mixture of self-satisfaction and concern. Kevin Rafferty reports.

## People in glass houses



A member of Pakistan's security forces in Peshawar, capital of the troubled North West Frontier Province.

on the run from its darling democrat Mrs. Indira Gandhi. Most people show at least some coyness in trying to present Pakistan as reformed, perhaps all too aware of much of the skulduggery that passes under the guise of democracy there.

One politician, who many people regard as up and coming, justified Mr. Zulfikar Ali Bhutto's tough dealings with opponents on the grounds that "you see from India what happens if you are a soft state and do not keep things under firm control. But there is genuine concern for what India may have triggered off on the sub-continent, and perhaps in the Third World as a whole. As one of these people put it: "For years we have looked up to India. It was the model of all we wanted to achieve but failed to do. To whom do we look up to now?"

What is remarkable is to be able to sit in Pakistan and discuss sympathetically—for Paki-

stanis quickly say they have been through it all themselves—what happens next. Tongues between friends become loosed quickly even to criticism of the home government, a sort of conversation of cheerful conspiracy which used only to be possible in India.

Indeed some Pakistanis are afraid that Mr. Bhutto may use what has happened across the Indian border as his excuse for strengthening his own already autocratic tendencies.

A few Pakistanis say that Mrs. Gandhi was confronted by difficult options, and that if she had allowed the "unholy alliance" of Gandhians and Hindu extremists to have their way there would certainly have been chaos.

Most point to the authoritarian attitude of the Nehru family. "Nehru had charm and intelligence, yet could allow himself to be persuaded on a certain range of issues, but she is much more ruthless," an ex-military man, who had attended conferences in India, told me. All Pakistanis are agreed that India is on a slippery slope to outright

dictatorship. "She is saying exactly the same things that Ayub Khan used to say when he first came to power," said a former colleague of Field Marshal Ayub. "But the difference is that she has had years of power and is responsible for the system she is criticising. At least Ayub at the start was clean. The implications for the Third World are tremendous: there used to be two ways to development, Chinese Socialism or Indian democracy, now India has abandoned its democracy, but is still rudderless and poor."

An ex-general pointed out that there are three unifying national forces in any developing country, the politicians, the bureaucracy, and the Army. It was not uncommon for the Army to take over once the other two had proved incapable. But Pakistan's experience had been that the Army was not equipped or flexible enough to handle delicate political problems. "God help India if the

Army comes in," a junior colleague chipped in. "Its army is still caste and tribal-based in spite of, and perhaps because of, its attempts to see that no one could gain an all-India command and present an easy threat to the civilian power." He pointed out that for the first time all branches of the Indian armed forces were headed by Punjabis.

In many Pakistani minds there is lurking the fear that if pushed into a corner Mrs. Gandhi might try to extricate herself by raising nationalistic and anti-Pakistan slogans. Some people suggested she might be tempted to explode another atomic device or to provoke skirmishes across the disputed Kashmir border, to which Pakistan could not fail to react. This seems not yet to be an active fear in the Pakistani military minds.

I talked to the commander of a Pakistan infantry division on leave in Karachi who said: "Kashmir? Well you see I am still here, and plan to stay to the end of my leave in a week's time." Another military officer pointed out the dangers of any exercise involving the Indian Army.

"They just might begin to say 'now what are we doing clearing up her mess. We could do better ourselves'."

In any event Brigadier Siddiqui, one-time chief Pakistani propaganda-maker and censor-in-chief, had some advice for Mrs. Gandhi—drop censorship. "It is self-defeating. The local Press can be dealt with without the need for censorship and you cannot stop the international Press. You cannot stop news coming out of India. You cannot stop newsmen filing and if you try to they can fly out easily to Pakistan or Afghanistan or Thailand. In any case the freedom of the airwaves renders your task unenviable. We tried to suppress news, but we only increased the eager Pakistan audience of the BBC, the Voice of America and All India Radio."

## Unita enters Angolan fray 'in self-defence'

LUANDA, Aug. 5.

THE ONE Angolan liberation movement which up to now remained aloof from fighting in the battle-ridden nation today mobilised its troops and ordered them to shoot back if provoked.

After an emergency meeting, the National Union for the Total Liberation of Angola (Unita) put its forces on the alert and ordered them to return fire "in self-defence, in any case of provocation and to actively engage in the protection of civilians without distinction for colour, if the need arises."

The movement issued a statement demanding the immediate return to Angola of Portugal's High Commissioner, Gen. Silva Cardoso, recalled to Lisbon last week for health reasons. It criticised the Portuguese Government "for attempting to abandon a policy of impartiality between the three liberation movements."

The statement followed a three-day visit to Luanda by former High Commissioner Adm. Rosa Coutinho for his open support for the Communist-backed Popular Movement for the Liberation of Angola (MPLA). Army sources said that Adm.

Coutinho wanted Gen. Cardoso replaced by an officer more favourably inclined to the MPLA and the 15,000 Portuguese troops based in the West African capital withdrawn yesterday.

The National Front for the Liberation of Angola (FNLA), which has been driven out of the capital by MPLA forces, demanded Gen. Cardoso's return within a week.

For more than a week the FNLA has tried to encircle Luanda with a 5,000-strong army, to recapture it from the MPLA and to isolate it from reinforcements and supply lines.

The spokesman said the FNLA attacked Benguela, about 400 miles south of Luanda, the MPLA's only southern stronghold. There were also clashes at Lobito, 50 miles further north. He said that both sides had agreed to withdraw from nearby Gabela, where the civilian population was evacuated.

Reuter adds: Local ceasefires have been negotiated in Malange, Benguela and Lobito between the two Angolan liberation movements, according to an official military communiqué broadcast on Luanda Radio.

## 'Smith to meet Vorster'

SALISBURY, August 5.

RHODESIAN Prime Minister Ian Smith is expected to fly to South Africa at the weekend for talks with Prime Minister John Vorster, the Salisbury Herald reported today.

A Government spokesman declined to comment on the report. For security reasons, Mr. Smith's travel plans are never announced in advance.

A visit to South Africa would coincide with the planned visit to London of Bishop Abel Muzorewa, leader of the African National Council (ANC) for talks at the British Foreign Office. It would also follow South Africa's decision to withdraw the last of its police who have been helping Rhodesian security forces prevent guerrilla incursions.

John Stewart reports from Cape Town: The South African Minister of Defence, Mr. P. W.

Botha, last night rejected suggestions that the withdrawal of South African police units from Rhodesia had come as a shock. Certain details moves by the Prime Minister, Mr. B. J. Vorster, had made the presence of these units in Rhodesia unnecessary, as it could not anymore be said that there were terrorists on the way to South Africa, he said.

Mr. Botha said Rhodesia was on the road that eventually would lead to a Black majority. This was its own affair and the republic should not be drawn into a matter which Rhodesians had to decide for themselves.

● Ivory Coast Information Minister Laurent Dona-Fologo said in Abidjan today that he intended to visit South Africa for talks with officials there. He said he would be going to examine the effects of apartheid "which it is not forbidden to try and understand and change progressively."

## Israel £ devalued

By L. Daniel

JERUSALEM, August 5.

A FURTHER devaluation of the Israeli pound—the second in six weeks—was announced by the Finance Ministry here during the night. Like the previous one, it amounted to 2 per cent, and brings the exchange rate to the dollar, to which the Israeli pound is rigidly linked, to 166.24 (rates for other currencies are adjusted daily according to international market fluctuations).

Financial circles here had expected a larger devaluation—5 to 10 per cent—in view of the recent strengthening of the dollar and the need to step up Israeli exports and slow down imports. As black market rates for the dollar had soared to 25 per cent above the official rate, and the security dollar 18 per cent above the previous official level, the Finance Ministry may have wanted to set an example and discourage speculation during the months to come, when the so-called "creeping devaluation" is expected to continue.

The Government, in any case, has authorised the Treasury to carry out devaluations of up to 2 per cent at intervals of not less than a month. In fact the Finance Ministry permitted six weeks to elapse. The other reason for keeping the devaluation small may have been fear of labour unrest, since a larger devaluation would inevitably have resulted in a general rise in price levels, whereas the 2 per cent devaluation is not expected to raise the cost-of-living index by more than half a per cent.

## New report of Libya coup bid

CAIRO, August 5.

Twenty-one officers of Libya's Republican Guard tried unsuccessfully to overthrow Libyan leader Muammar Khaddafi while he was attending the recent African summit meeting in Uganda, the semi-official Egyptian newspaper Al Gomhouria said today.

It was the third time in recent weeks that an Egyptian newspaper had carried unsourced reports of a coup attempt against Colonel Khaddafi. Egyptian newspapers have for months been highly critical of the Libyan leader.

Al Gomhouria said the attempted coup was led by Major Abdel Fattah Yunis, commander of the Republican Guard in Benghazi. It said the major was arrested together with 20 other officers.



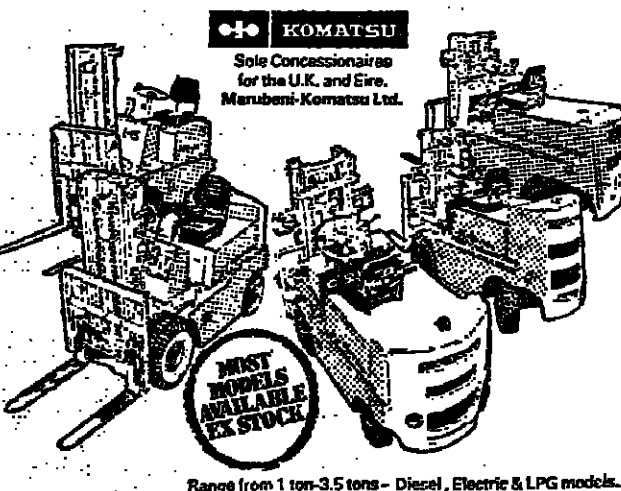
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EUROPEAN NEWS

# Portuguese crowd storms Communist office in North

BY JANE BERGEROL  
LISBON, August 5.  
THOUSANDS of angry demonstrators in the northern town of Famalicão last night forced back about 100 soldiers guarding the local Communist Party headquarters and stormed the building, setting furniture and papers ablaze.  
The sack was apparently sparked off by the killing by security forces of two anti-Communist demonstrators last Saturday. Many sympathisers had gathered in the town to attend the funerals.  
The two dead have been identified as supporters of the Right-wing Centre Democratic Social Party (CDS) and the Centre Left Democrats (PPD). Popular Democratic sources report a high state of tension in Oporto where one body is awaiting a post mortem.  
The funeral of the CDS man will take place later to-night in Famalicão, and there are fears of renewed clashes following the funeral. The waiting crowds in Famalicão reacted angrily to the news that the PPD supporter's body will not be returned there until to-morrow.

# France withdraws Basque border posts

BY ROBERT MAUTHNER  
PARIS, August 5.  
A CLASH yesterday between French and Spanish customs officials and police over a Basque separatist has once again raised the temperature in the Basque country and led to tense exchanges between the two countries.  
The incident, which lasted seven hours, occurred when Juan-Miguel Arceles-Beti, believed to be a militant of the ETA separatist organisation, suddenly leapt from the boot of a car which was being searched by Spanish customs men and took refuge in a French sentry box situated in Spanish territory at the frontier post of Behobie.  
Spanish police immediately surrounded the sentry box and ordered three French officials at gun-point to hand over the fugitive. The officials refused, pending the outcome of negotiations between the Spanish authorities and the French Interior Ministry, of which both M. Michel Poniatowski, the French Interior Minister, and M. Jean Sauvagnargues, the French Foreign Minister, were kept regularly informed.  
Finally, the French evacuated the sentry-box, leaving the escaped separatist to be arrested by the Guardia Civil, but not before police reinforcements had taken up position on both sides of the frontier.

## CONFERENCES

**INTERNATIONAL ACCOUNTANTS CONFERENCE**  
TRINITY COLLEGE, CAMBRIDGE  
5th-7th SEPTEMBER, 1975  
ACCOUNTING FOR INFLATION  
REGISTRATION OPEN TO ALL ACCOUNTANTS  
The Speakers at the Conference will include:  
Professor D. R. Middleton, FCA, MBA (HARVARD), ACIS  
AN ECONOMIST'S VIEW OF BRITAIN'S MAJOR PROBLEM - INFLATION  
Tony Sherring, FCA  
CAPITAL TRANSFER TAX  
R. S. Waldron, FCA, FCCA, CPA  
ACCOUNTING FOR INFLATIONARY TIMES  
R. A. Bowman, FCCA, FTIT  
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LIMITING INVESTMENT RISKS CAUSED BY RAMPANT INFLATION  
Conference Fee £30 plus VAT £2.40 (inclusive of full conference participation, accommodation, reception and all meals)  
Reservation forms available from:  
The Conference Director,  
The Association of International Accountants,  
Link House, (P.O. Box 36), Billericay, Essex, England

## CONTRACTS AND TENDERS

A. G. McKee & Co.,  
on behalf of  
YACIMIENTOS PETROLIFEROS  
FISCALES BOLIVIANOS  
INTERNATIONAL PUBLIC  
LICITATION NO. 3  
PURPOSE: Supply of mixers for a refinery at Cochabamba, Republic of Bolivia.  
OPENING OF BIDS: On October 8, 1975 at the below-mentioned offices, at 11.00 a.m. The bids will be received until that date and time.  
INTERNATIONAL PUBLIC LICITATION NO. 4  
PURPOSE: Supply of propane refrigeration unit for a refinery at Cochabamba, Republic of Bolivia.  
OPENING OF BIDS: On October 8, 1975 at the below-mentioned offices, at 11.00 a.m. The bids will be received until that date and time.  
BID BONDS: 5% of the amount of the bid.  
INQUIRIES AND DOCUMENTATION: Inquiries may be made and specifications and bidding conditions may be secured at the office of "A. G. McKee & Co." Hipolito Yrigoyen 440, 8th floor, Buenos Aires, Argentina.  
PRICE OF SPECIFICATIONS AND BIDDING CONDITIONS: U.S. \$50.00 or its equivalent.  
VALIDITY OF OFFERING: Thirty days following bid opening date.  
FINANCING: By the BANCO INTERAMERICANO DE DESARROLLO (INTERAMERICAN DEVELOPMENT BANK), in accordance with Contract No. 225/OC-80 with the Government of the Republic of Bolivia.

## OVERSEAS PROPERTY

**FRANCE - SUPER CANNES**  
New detached residence to be sold (freehold) offering attractive views over the Valley of the River Loup. Six main rooms incl. "L" shaped lounge. Approx. half-acre of land.  
Price: F.Fr. 700,000.  
Write to the largest estate agency company on the Riviera:  
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## RESIDENTIAL PROPERTY

**THE HIGH COURT**  
BANKRUPTCY  
THOMAS JOHN O'KEEFE, of 29, Lonsdale Street, Dublin, 8, and Company Director, was on the 21st day of July, 1975, adjudged bankrupt.  
Creditors should send their claims and all other documents to the Official Assignee, Four Courts, Dublin, Ireland.  
Eugene P. Collins & Son, Solicitors, 11 Williamstown Square, Dublin, Ireland.

## LEGAL NOTICES

**CONTRACTS AND TENDERS ALSO APPEAR TODAY ON PAGE 19**

# W. German jobless continues to rise

By Guy Hawtin  
FRANKFURT, August 5.  
UNEMPLOYMENT in West Germany climbed to 1,035,200 last month—the first time that there has been an increase in joblessness between June and July since 1969-70. This is virtually certain to raise the pressure on Chancellor Helmut Schmidt for further reflationary measures.  
The Nuremberg-based Federal Institute for Employment announced to-day that the total of those without jobs increased by 33,100 in July. The unemployment rate is now running at 4.5 per cent, compared with 4.4 per cent in June.  
According to Herr Joseph Stügel, president of the institute, the rise was due to the continued weakness of the economy, coupled with a summer downturn. But he went on to reveal that the number of people on short-time working had declined by 155,100 to 645,300. The short-time statistics are not as comforting as they might at first appear. Herr Stügel pointed out that one reason for the decline was likely to be that many companies had closed down for the summer holidays. It could not be ruled out that short-time working would increase when the holidays were over.

There was also a big decline in the number of foreigners registered as workless. The unemployment rate among immigrants fell from 6.5 per cent to 5.5 per cent, while the rate for those who dropped by 7,700 to 255,500.  
In all there are some 2.1m. immigrant workers in Germany and they have been hardest hit. However, here again, Herr Stügel said small grounds for joy in the statistical decline. It was thought likely that the figures had been reduced by a large number of foreign workers returning to their home countries.  
Women are among the most affected by unemployment, according to the statistics. The number without jobs went up 23,000 to 450,300. While the male unemployment rate remained steady at about 4 per cent, the jobless rate for women rose steeply from 5.1 per cent to 5.3 per cent.  
The industries with the most workers working less than full-time were the electro-technical industry, where some 137,200 are affected, the machine tool industry, where 94,700 are involved, and the chemical and plastics industry, with 59,000 short-time workers.  
In certain sectors there have been considerable improvements. The jobs total among shop and store employees, as well as office and administrative workers, fell by 15.1 per cent to 30,100 to 229,200, while there was a 15.5 per cent, or 15,800 drop in unemployment among building trade employees. The total number of unemployed in this sector now stands at 80,200.  
A disquieting fact about the present situation is that almost a third of the unemployed—some 32 per cent—have been without work for more than six months. The proportion of long-term unemployed in the jobless total was 23.5 per cent, well under a quarter.

# Malta plans to tax Church

By Geoffrey Grims  
VALLETTA, August 5.  
SCHOOLS AND HOSPITALS run by religious organisations must start paying tax according to the Government Bill in Parliament that would impose income tax levies on the Catholic Church.  
Finance Minister Joseph Abela said in Parliament last night that the Government was against the Church's claiming special privileges. This he said was one of the Government's fundamental principles and explains why the Church was being obliged to pay tax on its income.  
The Archbishop's annual salary was considered to be in the region of £85,000 and tax was being imposed on this figure. Convents and parishes were being considered as entities separate from the diocese. Church-run hospitals and schools would be treated as commercial partnerships.  
Opposition MP Mario Felice said a Nationalist Government would revoke the legislation.

# GREENLAND Flirting with Home Rule

BY HILARY BARNES, IN COPENHAGEN

GREENLAND is moving towards Home Rule, Denmark's Market Minister, Ivar Noerregaard, informed his EEC colleagues last month. This might lead to a Greenland request to negotiate its terms of EEC membership, or even a demand to withdraw from the EEC altogether. In either case, the most important practical consequences for the EEC would concern fishing. The Greenlanders are already anxious to place restrictions on international waters, and concerned that while part of the EEC, they cannot do it. Future oil policy for Greenland might also be affected by the introduction of Home Rule.  
Greenland is a vast island, most of it covered by ice up to 3,000 metres thick, and only a sixth of its area, mainly along the west coast, habitable. The total population, including several thousand Danish officials, teachers, technicians and other personnel, is about 50,000. The Greenlanders speak their own language and are of mixed European-Eskimo race.  
Until 1953 Greenland was a colony, closed to the outside world and existing mainly through hunting and fishing. It was an integral part of Denmark, and a major modernisation programme was launched. To-day in the small Greenland town living standards are comparable with standards in Europe, although in some respects Greenland conditions remain primitive. There are no roads outside town boundaries—nor are there likely to be. The sea, sited or air. The elements can effectively prevent all forms of travel for weeks at a time.  
The province has its own elected council, the Greenland Provincial Council, responsible for administering social welfare and for wild life preservation. Virtually all other decisions are in the hands of the authorities in Copenhagen, the Folketing, which has two Greenland members. Government and Ministry for Greenland.  
Economically, Greenland is dependent on fisheries, although the opening of the Greenland lead and zinc mine on the west coast two years ago may be an augury of things to come, and there are

three potential oil-producing areas—on the east coast, in the extreme north-east, and off the west coast, where the first concessions for exploration and exploitation were awarded in April this year. But for the moment Greenland is heavily dependent on subsidies from Denmark. Of a total provincial cess. When Home Rule will take effect, and exactly what it will come 90 per cent came from compromise, it is too soon to say.  
Rule and another 18 where there should be joint competences between Denmark and Greenland. The Minister for Greenland in the Social Democratic Government, Mr. Joergen Peder Hansen, expressed the government's willingness to further the process. When Home Rule will take effect, and exactly what it will come 90 per cent came from compromise, it is too soon to say.  
Apart from the general desire to restore the management of Greenland affairs to Greenlanders, fisheries and oil policies are the two specific issues behind the movement.  
Denmark, amounting to a subsidy of about Kr.15,000 (£1,150) per head of the population. Modernisation has brought with it a growing political awareness. The Greenlanders feel that their community is remote, controlled from Copenhagen, and that the decisions taken there are administered in the main by Danish personnel in Greenland. They want to take charge of their own destiny, and they are anxious to preserve the Greenland language, their identity and culture, before it is all swept away by the tide of modernisation.  
This general feeling, as much as opposition to the EEC's fisheries policy, was probably the cause of a 71 per cent vote against EEC membership in the 1972 Danish referendum on EEC membership, although the vote on the overall vote in favour of membership. "There is not exactly an urge to accentuate this remote control by transferring power from Copenhagen to Brussels," as Greenland Folketing members Lars Emil Johansen put it recently.  
The Greenland referendum result was an important factor in the decision in the autumn of 1972 to set up a committee, consisting of Greenlanders only, to study the question of Home Rule. After two years' work, it produced a report earlier this year of 23 typewritten pages, as light on argument and analysis as the local fishermen to develop other resources. The Greenlanders want a fisheries limit of at least 50 miles, and if they cannot get this while they are members of the EEC, then non-membership will probably seem preferable. Fisheries limits and agreements, however, was one sphere which the Home Rule committee recommended should remain, along with other foreign policy matters, in the hands of the Danish government.  
The committee wanted raw materials, including hydrocarbons and other minerals, to come under Greenland control, however, though the committee added the rider that the matter was so complicated that further studies should be made. Danish officials regard this point as wishful thinking, as Greenland can never muster the administrative and technical resources necessary for taking control of raw materials.  
Oil, on the other hand, presents the only real possibility that Greenland will be able to become effectively independent of Denmark. It is the one possible source of financial independence—and as long as Greenland remains dependent on Denmark for 90 per cent of its budget, Home Rule will remain a limited reality.  
Nationalist feeling was nourished by the way in which the first concessions to drill for oil were awarded last spring. The concessions were signed two days before a new election to the Greenland Provincial Council, and though the sitting council had approved the terms of the concession contracts (and the Ministry for Greenland spent six years working on the terms, consulting the Greenland authorities at every step) there was a good chance that the incoming council would have a majority of its members opposed to awarding concessions at this stage. In fact, the new council did not have an anti-concession majority, but the fact that the contracts were signed in obvious haste left an unpleasant taste in the mouths of many Greenlanders, who got the impression that the Danes were making sure of their own interests and setting aside those of Greenland.  
So far the movement for independence stops at Home Rule and there are very few Greenlanders, and those not in positions of responsibility, who want an independent Greenland state. "In the desire for a greater degree of self-determination there is not a wish for separatism," said the Home Rule committee's report. "The Greenlanders feel themselves first and foremost to be Greenlanders, but they also feel themselves to be Danish citizens and consider that Denmark since the Second World War has shown solidarity and responsibility for the development of Greenland."

# EEC may force oil pricing disclosure Regional dilemma for Italy's ruling party


BY REGINALD DALE, COMMON MARKET CORRESPONDENT  
BY ANTHONY ROBINSON  
ROME, August 5.

**BRUSSELS, August 5.**  
The EEC would be required to give Governments precise details of their price structures, ranging from the cost of imported crude to the retail price of petrol, if proposals drawn up by the Brussels Committee, adopted by the nine member states.  
Governments would then submit the information to the Commission in Brussels, together with details of taxes and duties levied on oil products and marketing charges applied. The Commission would organise consultations every three months to see if measures were needed to bring prices in the different countries closer together.  
The Commission's proposals follow agreement by the nine Governments earlier this year that consumer prices for oil, gas and petrol should be the result of free competition, based on an open, or "transparent" cost and price structure. The aim is to work towards "coherent" prices in each of the nine countries as part of the move towards a common EEC energy policy.  
In putting forward its proposals for a Community information procedure, the Commission stresses that member Governments would remain free to choose their own price systems. But it also emphasises that price transparency is essential if there is to be free circulation of oil and oil products in the Community.  
Under the system suggested by the Commission, each Government would decide which companies operating in its territory should supply the required information. The information would have to cover at least 80 per cent of total crude imports, 80 per cent of total crude imports, 80 per cent of imported oil products and 75 per cent of retail sales.  
Companies would be required to supply the Governments with information within the first two weeks of each quarter, including details of their average refinery prices, as well as the quantity and quality of crude they had imported.  
The Commission would draw up comparisons of price trends, profit margins and supply conditions in all nine countries.  
Information to be supplied would include retail and wholesale prices of petrol, diesel oil, fuel oil and domestic heating oil. Oil companies would have to give details of f.o.b. prices for crude, freight rates, insurance and any other costs incurred.  
Statistics recently published by the Commission showed that retail petrol prices vary by between 30 and 40 per cent in the different nine countries. Italy had the highest prices with DM1.12 for a litre of super, and Luxembourg the lowest with DM0.78. Britain was second lowest with DM0.86 per litre.  
He is expected to call upon leaders of the various factions to put aside their personal and political rivalries and agree on a new internal organisation which would permit key positions to be allocated on the basis of competence alone and not on the basis of the relative strength of the various factions.  
But his task will not be an easy one as the rivalries also reflect deep divergences over the political line which the Christian Democrat Party should follow particularly in relation to the Communist Party (PCI). The latest example of grass roots political change has been the formation of a Communist Socialist alliance in the city council of Milan.  
This is the situation which repeats the experience of Turin which now has a Communist mayor. Indeed, all major Italian cities north of Rome are now controlled by the left-wing parties as well as the five regions of Umbria, Tuscany, Emilia-Romagna, Liguria and Piedmont. Between them, these regions have over 15m. inhabitants and produce around 30 per cent of the nation's wealth. The key region of Lombardy, which alone produces almost a quarter of the nation's wealth, has also lost its former connection as an orthodox centre-left region.  
It has now become what is termed an "open" region, that is to say, a region in which the Communist party is not formally included in the regional government, but in which it is recognised that the PCI has a vital role to play in the formulation and implementation of policies.  
The dilemma for the CD party is represented by the fact that to now control over local and city council jobs, over municipal utilities and local credit institutions has constituted the foundation of their political power base. But they now face a further massive electoral haemorrhage next year, as a quarter of the administration for the CD party, where it remains in power, but is for constructive opposition in the local and regional power centres they have already lost—

# Banca Provinciale Lombarda

Registered Office and Head Office in BERGAMO (ITALY)

The Annual General Meeting of shareholders of Banca Provinciale Lombarda was held at the registered office in Bergamo on Monday, 28th April 1975. The 1974 Balance Sheet which closed with a net profit of Lit. 1,576,534,559 against Lit. 780,165,710 for the previous year was approved unanimously.  
This result has made it possible to pay a dividend of Lit. 270 per share (as against Lit. 230 for the previous year) and to allocate Lit. 1,000,000,000 to the ordinary reserve.  
In the course of the Meeting held under the Chairmanship of Mr. Luigi Cioeca, emphasis was laid on the good results achieved in funds received, which exceeded Lit. 1,172bn., as well as in brokerage especially with foreign countries, and in the particularly noteworthy expansion of all the services available to clients.  
The Chairman went on to emphasise that the Bank's activities were likely to be stepped up even further in the future since the Banking Control Department of the Bank of Italy had issued a directive allowing Banca Provinciale Lombarda to operate, not only in every province of Lombardy, but also in Piedmont, Trentino-Alto Adige, Veneto, Emilia and Romagna. The Department has also permitted the opening of new branches in Torre Boldone, Almenno S. Bartolomeo, Capriolo, Grassano and Piacenza.  
The report of the Board of Directors and the comments made by the Chairman Mr. Luigi Cioeca, also drew attention to other important favourable items in the 1974 balance sheet such as:  
—the inclusion in the Habilitation of a "target reserve" of Lit. 22,612,810,467, pursuant to Law No. 823 of 19/12/1973, arising from the revaluation of property assets and for all practical purposes forming part of the Bank's total assets;  
—setting aside Lit. 4,174,514,406 to cover "provisions for bad debts";  
—writing down the Bank's debenture by Lit. 4,823,123,371 as carried out by the Board of Directors, in complete agreement with the Board of Auditors.  
After the various provisions in the balance sheet had been approved total assets amounted to Lit. 36,392,334,513.  
Finally, the Chairman declared that the Board of Directors reserved the right to propose the ultimate investment in which, in part, of the taxed reserve included in the balance sheet and approved by the Meeting.  
Immediately after the Meeting, which was attended by 50 shareholders representing, in their own person and by proxy, 1,638,918 shares out of the 2,000,000 shares constituting the Bank's capital, the Board of Directors met, chaired by Mr. Luigi Cioeca as Chairman and assisted by the Director for the financial year 1975 and appointed Dr. Carlo Pesenti and Dr. Massimo Spada as Vice-Chairmen.  
The Board of Directors was on appointed the members of the Executive Committee which is now constituted as follows:  
Chairman: Mr. Luigi Cioeca.  
Vice-Chairman: Dr. Carlo Pesenti.  
Members: Dr. Giuseppe Carotti, Mr. Vincenzo Poli, Dr. Massimo Spada.  
Dr. Franco Barlagina was again confirmed as Secretary to the Board of Directors and to the Executive Committee.



## Barclays Bank Base Rate

Barclays Bank Limited announces that with effect from the close of business on 5th August, 1975, its

**Base Rate** was increased from 9½% to 10% per annum.

**Deposit Rate** was increased from 6½% to 6¾% per annum.

**Savings Accounts** interest rate was increased from 6½% to 6¾% per annum.

**Payplan Accounts** interest rate was increased from 6½% to 6¾% per annum.

**BARCLAYS**

Barclays Bank Limited, 54 Lombard Street, London EC3P 3AB



## HOME NEWS

## How reorganisation will work at Treasury

BY SAMUEL BRITTON

TREASURY changes announced yesterday are the result of a management review. Some of the changes may be surprising, but the Treasury has been under review for some time, and it is not surprising that it should be the fourth in a series of departmental reviews which began in 1972.

It is the first official reorganisation of the Treasury since 1962, although considerable changes were required both when the Department of Economic Affairs was set up in 1962 and when it was dissolved in 1969. The present reorganisation bears at least a superficial resemblance to that announced in 1962, when the Treasury was also adopting a more interventionist attitude and when it was reorganising on the basis of a Labour Government.

## Separate

The most eye-catching change has been the separation of industrial policy from the general control of public expenditure, under a new Second Permanent Secretary, Mr. Alan Lord, a "high flyer" from the Inland Revenue and the Department of Industry.

Mr. Lord will also be in overall charge of "counter-inflation" (by which the Treasury means pay and price controls), as well as monetary and fiscal policy.

As the Treasury's influence on industrial policy depends on its control of the purse strings, there is a danger that it will be diluted by this separation, and that the new section will become a mini-department of industry, concerned to promote rather than restrain expenditure.

The review team were confident that this would not happen; but the new arrangements, aiming to show that the Treasury has "wider interests" than

"merely" limiting public spending, could still weaken one of the few effective brakes on the spending total.

The Department, in any case, is sufficiently sensitive about setting an example to wish to balance the additional Second Permanent Secretary by elimination of one Deputy Secretary.

As a result there is one deputy secretary, presumably to be allocated work in another part of Whitehall. Most of the detailed work on the review was carried out by Mr. David Hancock. He has been rewarded by promotion to under-secretary in charge of Establishments and Organisations, which is regarded as useful experience for a promising Treasury official whose previous interests have been mainly on the policy side.

The Treasury puts much stress on the creation of a new small Central Unit, under the secretary, Mr. Gordon Downey. The background to this is the feeling of the Permanent Secretary, Sir Douglas Wass, that he was receiving separate pleas of advice on different aspects of policy and that he ought to have assistance in putting them together into a coherent whole.

The Fulton recommendation, that each department should have a forward planning section, is also mentioned as a supporting reason.

Although the new unit will be responsible for managing the Budget and similar packages at various points in the year, it will be distinctly subordinate to the Treasury permanent and deputy secretaries. It will not be concerned with immediate responses to crises, which are of the origin of the main departments in policy.

The old Budget committee was

abolished about a year ago and replaced by the high level inter-departmental committee, which includes the Bank of England. But this is not the first time that the Budget committee has been abolished and reconstituted with a slightly different name and membership.

The concentration of the chief economic adviser on forecasts, and "simulating" reactions to hypothetical policy changes, is likely to lead if anything to an even greater concentration on the demand management "crystal-gazing" approach.

Other divisions will be heavily dependent on the economists' projections, and the new fashion of making forecasts on several alternative assumptions will still lead to wrong results if there are fundamental errors in the forecasting system itself.

## Scattered

By contrast, analysis of the variables which interest monetary economists is scattered throughout the system. The public sector borrowing requirement will be monitored under "general expenditure"; the money supply will come under monetary policy; and the assessment of changes in both on the economy will be the responsibility of the economic forecasts.

Thus, although there is nothing partisan in the narrowly party sense in the new organisation, it does presuppose a definite and far from self-evident view of how the economy works, and the best way of studying and managing it. A different view would lead to a different organisation.

## Labour MPs demand replacement of NVT chairman

BY CHRISTIAN TYLER, LABOUR STAFF

LABOUR MPs from the West Midlands last night called for the replacement of Mr. Dennis Poore, chairman of Norton Villiers Triumph, and of the rest of the management of the ailing motor-cycle group.

The call came after a meeting with Mr. Eric Varley, Industry Secretary, at which the MPs urged him to press the Government — which has agreed to take no more money into the group — to take NVT into public ownership.

The MPs' demand was backed by shop stewards and union officials who saw Mr. Varley immediately afterwards. They said that NVT was viable but not under Mr. Poore's chairmanship.

There should be import controls against Japanese competition, they added.

## For Cabinet

Mr. Varley told the MPs that he would put their case, which is largely based on the need to preserve jobs in the area as well as the need to preserve British motor-cycle industry, to the Cabinet.

Mr. John Lee, MP for Birmingham Handsworth, and chairman of the West Midlands group of Labour MPs, said that nationalisation of the industry was the obvious solution.

He and the other three MPs

with constituencies covering the three NVT factories, said they would support a "work-in" by the men, who are said to be planning a take-over of the Wolverhampton factory on their return from holiday on Monday.

Mrs. Renee Short, MP for Wolverhampton NE, said NVT would have been a prime target for the National Enterprise Board if the NEB's creation had not been delayed in Parliament.

Yesterday's meeting followed an approach by Mrs. Short to Mr. Harold Wilson, Prime Minister. Mrs. Short said that NVT could be given only two or three more days to discuss ways of running down the company. If no agreement is reached within that time, the company will be forced to make unilateral decisions.

It said it can only foresee a continuing activity for one of the company's two factories, and that whether the Small Heath plant or that at Wolverhampton should be retained is still an open question. A liquidator should be named within the next two days. Mrs. Short has requested a full 21-hour adjournment debate to-morrow to the NVT crisis.

Parliament, Page 9

## Further Clay Cross bankruptcy notices

By Our Chesterfield Correspondent

The 11 former rent rebel councillors at Clay Cross, Derbyshire, have been served with further bankruptcy notices for a total of £63,192.43 returnable at Chesterfield on August 29.

Mr. David Skinner, one of the leaders of the rebels, said yesterday: "We have already had a notice claiming nearly £7,000 and now this. As we can't pay it, suppose it might as well be £63,000 as £7,000. It's all the same to us. We just haven't got the money."

Mr. Skinner said that about £30,000 of the money claimed applied to wages for workmen which the auditors, Mr. Herbert Harrison, had alleged they had employed in Clay Cross although they were not necessary. "We used the money to keep people on a job, to give work to the unemployed and to take people off the dole. The trouble is that we were three years ahead of our time and now we are being punished for it."

## Challenge

He intended to contact his solicitors immediately to challenge the new bankruptcy notices. Moves were afoot to seek a curtailment of the powers of the auditor at the next Labour Party conference.

The latest demands by the auditors include a £7,000 surcharge for failing to implement the Housing Finance Act and a claim for more than £62,000 in expenditure incurred by the old Clay Cross council which Mr. Harrison has disallowed. He has also claimed interest and court costs.

The 11 rebels have always made it clear that they do not want a public appeal fund "because it would defeat the whole principle of our fight."

Editorial Comment, Page 12

## Self-employed call for VAT changes

Financial Times Reporter

THE SELF-EMPLOYED yesterday said that the Government to change the VAT system to help many small businesses "fighting for survival."

Representatives of the National Federation of the Self-Employed and Small Businesses, Financial Secretary to the Treasury, put forward a four-point plan for easing the impact of VAT on the small trader. The proposals submitted were:

1—Tax allowance for the loss of personal income involved in the collection work.  
2—An optional scheme allowing for one annual return and thus only one set of paperwork—as opposed to the present system of quarterly returns. Together with this optional annual return scheme would go a system of monthly payments which would allow traders to pay VAT in instalments in much the same way as a consumer can pay bills by standing orders.

VAT liability would be assessed each year on a provisional basis, subject to adjustment at the end of the year.  
3—Simplification of the multi-rate structure as it applies to small business. Traders would pay a composite rate of VAT based on the pattern of trading and the average rate of input tax.  
4—Ability to reclaim VAT on bad debts.

After the meeting the Federation said that the ministers had promised urgent and very serious consideration of the proposals.

Mr. Keith Shouls, chief executive officer of the Federation, said that the proposals would be an "even stronger call" for "more drastic action."

Value Added Tax, he said, was "just one of those burdens on which our membership feels very strongly."

The self-employed have already held mass rallies protesting against VAT, while individual traders have threatened to withhold payment.

Yesterday, four Yorkshire traders sent in their quarterly cheques for VAT bearing the date January 1, 1984.

Mr. David Kelly, antique dealer and chairman of the Yorkshire region of the Federation, said the action was in protest at the powers given to Customs and Excise under the Finance Act 1973. It was known in the Federation, he said, as the "1984 Act"—a reference to George Orwell's famous book 1984.

## FT Hotel Directory

Financial Times Reporter

A NEW and comprehensive guide to 3,000 of the world's top hotels will be published this month by the Financial Times.

Designed for international top management, the 530-page Financial Times World Hotel Directory will contain detailed information on the leading hotels of 910 cities in 148 countries, together with information on conference facilities.

The guide is divided into country and city sections, each with information about language, climate, currency and customs requirements, and health and visa conditions. Driving licence needs are also outlined.

The FT World Hotel Directory, costing £8 or £35 airmail, will be available from the Financial Times Business Enterprises Division, 10 Bolt Court, Fleet Street, London EC4A 3DL.

## Post Office shelves £20m. City HQ

BY HAROLD BOLTER, INDUSTRIAL EDITOR

THE POST OFFICE, which announced a loss of £306.7m. for the year ended 1974-75, has decided to shelve its plans for a new £20m. headquarters in the City of London.

This is in addition to economies estimated to be worth another £20m. which it is trying to achieve this year.

The P.O. is under severe pressure to cut its own costs in face of last year's loss and its plans for a £224m. price rise this autumn which will take the first class letter charge up from 7p to 8p, the second class post from 5p to 6p and raise telephone and other charges substantially.

The Post Office Users' National Council will make its recommendations on these price increases this morning and it is expected to be highly critical of the P.O.'s own efforts to improve efficiency.

Sir William Ryland, the P.O. chairman, said that it expects to achieve savings of over £1.5m. this year from a new £4.5m. centre which automatically routes telegrams into and out of the U.K.

## 'Disappointed' Rover man leaves group

BY TERRY DODSWORTH

MR. BERNARD JACKMAN, appointed managing director of British-Leyland's Rover-Triumph group two years ago, has resigned at the age of 62.

He said yesterday that he was "disappointed to see Rover-Triumph absorbed within the new car group." After about 70 years of family associations with the Rover company he would find it difficult to continue.

Mr. Jackman's resignation came only a few days after the announcement that Mr. Tony Potter, 46-year-old head of Triumph's Speke plant at Liverpool, was leaving the group.

Another top Rover-Triumph man, Mr. John Carpenter, who has left the company in 1974, was head of sales and marketing. He decided to go soon after the reorganisation of British Leyland began. Mr. Geoffrey Robinson, boss of Jaguar, has also left the group.

What these men share is an attachment to the quality car divisions of the BL organisation, which are generally felt to have done worst, or worst when the top jobs were given out in the reorganised company.

Both the key operational maintenance jobs, for instance, have gone to Austin Morris men, with Mr. Derek Whitaker, who used to be in charge of Rover operations, becoming head of BL Cars, and Mr. David Andrews, boss of Longbridge, getting the top post at BL International.

Mr. Jackman joined Rover in 1969 as chief planning engineer. He left the company in 1974, returning 20 years later. After the merger with Triumph he became director of manufacturing.

Sanitary protection products, will not be published until later this summer because of the backlog in the Government's printing schedule, but he indicated that the diabetic food suppliers had been given a virtually clean bill of health.

Mrs. Williams was more circumspect about the Commission's findings on sanitary protection products. The Commission has made "certain recommendations in relation to recommended retail prices" which she proposed to discuss with manufacturers and distributors.

It is understood that the Commission found that very high profits were being made by the brand leaders in the sanitary protection market, largely as a result of their own efficiency.

The implications of Mrs. Williams' statement, however, are that some kind of price reductions are to be required in the material prices and finished goods prices and of the final scales involved.

Mrs. Williams, announcing this reference yesterday together with another, more technical, reference on the side effects of the Price Code rules on excessive duty, said that she had received two reports referred to the Commission earlier this year.

The reports, which concern the prices of diabetic food and

ELM DISEASE SPREADS Dutch elm disease, which has killed more than 3m. trees in the South and Midlands is spreading, Forestry officials said yesterday. A fresh case has been confirmed at Wakefield, Yorkshire.



The world's biggest and most expensive off-shore oil production platform being towed out to the North Sea yesterday on its way to Shell/Esso's Brent Field north-east of the Shetlands. The 348,000-ton concrete and steel platform, constructed in Stavanger, Norway, to the Condeep design, is the first of four platforms ordered for the Brent Field and is expected to be positioned next week. When installed, it will measure 815 feet from the sea-bed to the top of the drilling derrick and will finally cost about £165m., including production facilities and wells.

## Directors seek pay policy safeguards

THE INSTITUTE of Directors, and unions would be free from this obligation. Again, Mr. Hildreth was told that the Government thought the situation "would not occur."

Mr. Hildreth said at a Press conference yesterday that the Institute could envisage circumstances when its members could be faced with paying over the limit or have their companies "go under."

He and his associate, Mr. Andrew Richardson, had received no real elucidation at the meeting of what the Government would do if such a situation should arise. Nevertheless, he was satisfied with the discussion, which was in place of a requested meeting with Mr. Denis Healey, Chancellor of the Exchequer, because it demonstrated that the "Government recognised the Institute's members as an important body of workers."

The Institute felt that successful governments had relied increasingly on advice which had been too narrowly based. In particular, the TUC and the CBI seemed to have dominated the field.

## No major lead hazard near battery factories

BY OUR MANCHESTER CORRESPONDENT

AN ENVIRONMENTAL survey carried out near two lead-using factories, and published yesterday, said that there was no major cause for concern for life round the plants.

The survey, commissioned two years ago by Chloride manufacturer of rechargeable batteries, involved the analysis of thousands of blood, air, dust, soil and vegetation samples.

The samples were taken round the company's factories at Clifton, near Manchester, and Dagenham by experts and analysts from regional health authorities and local authorities.

Reporters were told in Manchester that there was no evidence that the levels of lead in soil, higher than 40 micrograms per millilitre of blood, which has been becoming the "accepted intake of the metal by the standard."

## IN BRIEF

## Housing priorities

A new set of priorities for council housing renovation programmes in England was announced yesterday by Mr. Eric Ffrench, Housing Minister, pending the report of the special departmental study group which was set up in May.

Mr. Ffrench said in a Parliamentary answer that for 1976-77 priority would be given to the improvement of sub-standard houses, including those acquired from the private sector, the conversion of council-built or acquired housing which would yield a housing gain, and contractual commitments or projects in progress after last April, which have received specific Department of Environment subsidy approval.

Electricity plea The Energy Secretary has asked Sir Peter Menzies, chairman of the Electricity Council, to see that the Electricity Boards "do all they can to make it easier for consumers to pay their bills and to resolve cases of genuine hardship with sympathy and understanding."

Maxwell recall The works council of the Scottish Daily News, the workers' co-operative newspaper, launched in Glasgow in May with the help of a £1.2m. Government loan, has agreed to restore some executive authority to Mr. Robert Maxwell, chairman of Pergamon Press who has backed the venture with £114,000.

RAF study jet The RAF has been showing interest in the U.S. McDonnell Douglas VC-15 AMST (advanced medium short take-off and landing transport) aircraft, which was rolled out for the first time at Long Beach, California, yesterday. The VC-15 is a four-engine jet transport.

BANK OF SCOTLAND BASE RATE The Bank of Scotland intimates that, as from 6th August, 1975 and until further notice, its Base Rate will be TEN PER CENT PER ANNUM.

## Fares increase move could kill Shuttle, says British Airways

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH AIRWAYS said yesterday that its Heathrow-Glasgow no-reservations shuttle service could be killed if British Caledonian succeeded in getting fares on it increased and the number of flights reduced.

Mr. Jim Scarlett, general manager, market development, for British Airways, told the Civil Aviation Authority in London: "Shuttle is on trial for its life, and not only British Airways but the whole aviation world is watching to see whether sentence of death is to be passed on this new and imaginative concept."

He said that Shuttle showed every sign of commercial success. About 100,000 extra passengers would be carried this year, without any evidence of adverse effects on British Caledonian's rival Gatwick-Glasgow jet service.

"BA's policy on the routes between London and Glasgow is one of profitable operation through expansion. We aim to satisfy our customers profitably and this is why Shuttle forms such an important part of our plans for the future of domestic air services."

He said that the burden of it if demand isn't there, the air-BCAL's case against Shuttle was "craft don't fly."

BCAL, he said, was trying to set the clock back 20 years. "If out through the regulation of fares as long ago as that—in 1955—when we last operated five services."

"I shall argue that, if they view a day between Glasgow and are in difficulty, then the way London—the level of freight of it should be through frequency to which Shuttle would normal commercial channels in be reduced to if BCAL had its competitive environment way they have caused to be established."

"What they have failed to achieve in a competitive environment they propose to achieve by forcing passengers, absurd and demonstrably untrue through the processes of law, off BA's services and on to their own—a direct and legal enforced transfer of business."

"That in my submission is wrong for all parties. We believe that if we can expand the total market, then our customers and both air carriers, will all benefit."

Mr. Scarlett claimed that as a result of Shuttle, the total London-Glasgow market was rising, the load factors of both carriers were rising, and both airlines were doing much better than they could otherwise have expected.

"Shuttle is not unregulated," he said. "It is self-regulating."

At the same meeting, the air-

lines failed to agree on the controversial issue of what commissions they should pay their agents world-wide, and this has been referred back to the full-scale annual IATA traffic conference in Cannes in October.

It is probable that the question of further fares increases will also be discussed at Cannes.

World airlines to raise prices

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE WORLD'S scheduled airlines have agreed on further rises in air fares, ranging up to 5 per cent, for many parts of the world, including some parts of Europe and across the North Atlantic, from November 1.

The primary aim is to help offset the effects on the airlines

of fluctuations in exchange rates, but they are also intended to offset rising fuel costs and give the airlines a little more revenue.

The increases were agreed at a meeting of the member-airlines of the International Air Transport Association at Freeport, Bahamas.

At the same meeting, the air-



## LABOUR NEWS

## Strike call goes out to 9,000 journalists

By Our Labour Reporter

THE NATIONAL Union of Journalists has called on its 9,000 members employed by provincial weekly and daily newspapers to strike for 24 hours tomorrow in support of 250 journalists involved in a four-week dispute with the Birmingham Post and Mail group.

The strike call is in line with a decision taken by an NUJ special conference a fortnight ago and could cause widespread disruption of provincial papers. It was followed swiftly yesterday by an intervention at the request of the Birmingham management by the Advisory Conciliation and Arbitration Service, which held talks last night with both sides in the dispute.

The NUJ says in a circular to its provincial chapters (office branches) that it delayed action last week on its conference decision to allow talks between the union and the Birmingham management. Because there was no settlement, the NUJ's national officers were instructing provincial chapters to strike every Thursday until further notice.

## Compulsory

The Birmingham Journalists claim that they have been locked out unfairly by the compulsory closure of the Birmingham Post and Mail group during working hours to discuss a pay dispute. After five days of meetings the journalists were dismissed and the Birmingham Post and Mail have been produced since July 7 by members of the Institute of Journalists and non-union members.

The Management denied yesterday that it had locked out the journalists. Their dismissal followed repeated warnings that disruption of production by mandatory channel meetings would mean repudiation of their individual contracts of employment.

Printing union leaders last night met Mr. Michael Foot, Employment Secretary, to discuss the newspaper industry's employment problems and, in particular, the issue of compulsory redundancy notices to production workers at The Observer.

## TGWU men told to cut claim

By Chris Baur, Scottish Correspondent

EMPLOYEES of Scottish and Newcastle Breweries are being asked by their trade union negotiators to moderate a claim for wage rises averaging 5.8 a week, which the company rejected on Monday.

Mr. Joe Mills, regional group secretary of the Transport and General Workers Union, who submitted the claim on behalf of 4,200 S and N drivers and production workers said in Newcastle yesterday that branches were being told to think again.

The men's claim is an embarrassment to the TGWU whose general secretary, Mr. Jack Jones, is in the forefront of the TUC's campaign to win support for the new 5.5 per cent limit.

Mr. Mills said that he had told shop stewards they would be

## Verdict due on Leyland works democracy plans

By John Wyles, Labour Reporter

HOPES of a big step forward in the development of industrial democracy machinery within British Leyland hang upon acceptance of revised company proposals by a meeting of shop stewards in Birmingham to-day.

The shop stewards will be considering plans for a three-tier system of joint management councils and committees which will discuss policy proposals ranging from, at the lowest level, for example, the need to replace individual machine tools to, at the highest, Leyland general investment plans.

Although union leaders are optimistic that the stewards will give their approval to-day, the company's proposals are still expected to run into general criticism for failing to measure up to the union's demands for a measure of actual control over key company decisions.

As far as the unions are concerned these shortcomings reflect the weaknesses of the Leyland report recommendations on industrial democracy. Leyland has faithfully followed Ryder's

suggestions on this front, which in turn were based on the company's own ideas drawn up late last year. In particular the company has taken up the report's insistence that management should not lose control of day-to-day operations, but that instead it must be given the scope to apply its skills "in the interests of British Leyland and its workforce."

Nevertheless, the company has also tried in framing its proposals to avoid the pitfalls of consultative arrangements which would do little more than "rubberstamp" management's decisions.

Although Leyland has not spelled out to the unions at what stage the consultative committees would be brought into the determination of new policy, it claims that it wants to create a genuinely effective structure to discuss policies needed to transform the business into a successful enterprise.

At the top of the structure Leyland's proposals envisage joint management councils for

both its car and truck and bus groups with the workers' representation drawn from the lower joint management committees based at plant and departmental level. Members of the committees could be either shop stewards or lay workers and would be elected through their trade union organisations.

Subject matter which will be covered by the committees' terms of reference is much broader than the "trivial matters" traditionally discussed under present arrangements which were criticised in the Ryder report. These will include new models, marketing, sales and marketing and financial performance.

All vehicle production was at a standstill last night at the Rover factory at Solihull, Warwickshire, after a walk-out by 3,000 assembly workers during the afternoon. Twenty workers on the Range Rover track had alleged that a hoist was unsafe, and talks have been going on for four days, during which there has been a go-slow.

## Stepped-up industrial action could affect fire services

By Lorelie Olslager, Labour Staff

FIRE SERVICES across Britain could be seriously affected as a result of stepped-up industrial action which the Fire Brigades Union is starting to-day.

The union has asked its 27,000 members to intensify their campaign of answering "emergency" calls only by such measures as refusing to come on call unless the full complement of men prescribed by Home Office regulations is on the fire engine.

The employers would not comment on the effects of the union's actions but fire experts said privately that such a refusal as well as several other elements of the union's new 11-point plan could have serious consequences for fire services.

The emergency calls only campaign, initially started in

support of the union's demand for an interim pay rise three months ago, has not had very biting effects so far.

The union has dropped its pay claim in obedience to the new anti-inflation policy, but is stepping up action now largely because in its view talks with employers on the introduction of a 40-hour week have broken down.

The 11-point plan of action says firemen should not do service at any station other than their own should not answer calls unless the man in charge is a properly authorised "supervisory ranking charge," should not attend any training courses, and not mend defective appliances.

Of these, experts said the first

two were the most serious, next to the refusal to answer calls if the required number of men on an engine.

Union leaders yesterday were considering a letter from the employers asking for clarification of their demands and offering further talks. The stepped-up action could cancel the stepped-up campaign.

The union wants first moves to be made next year towards a 40-hour week in the fire service, while the employers say this can only be done as part of an overall re-organisation of working arrangements in the service.

## Bets staff to picket

LEADERS of more than 250 Ladbrokes staff in the West of Scotland decided yesterday to picket the firm's betting offices and seek the help of MPs to get their jobs back. They were dismissed during a six-week dispute last week, they called for reinstatement. At the same time they sought assurances that there would be no "victimisation."

Yesterday they went to tell the public that the company had already taken on new staff. The strike started with a demand for union recognition, a 30-week minimum wage and a £15 increase for managers.

## APPOINTMENTS

## Sir David Nicolson to head Rothmans

Sir David Nicolson, vice-chairman of ROTHMANS INTERNATIONAL, is to become chairman of the company from October 1. He will succeed Lord Priceland, who retires from the chairmanship at the end of September but will remain on the Board as a non-executive director.

Mr. Peter S. Slovic has been appointed general manager of ROTHMANS INTERNATIONAL FINANCE CO. SA from September 1. The company's shareholders include the Marine Midland Bank and various interests from the Lebanon, Kuwait and Saudi Arabia, among other countries. Mr. Slovic resigns from the Charterhouse Group at the end of this month.

Mr. R. E. G. Windsor, who was vice-chairman of GKN Windsor, has retired from the Board and from all other appointments in the GKN GROUP. He has become a consultant to the company.

Mr. R. D. Merton has been appointed managing director of LC TAILORWEAR, a subsidiary of R. and J. Pullman, following the death of Mr. H. G. Lessey.

Mr. E. Ivan Kingston has been appointed a director of CENTRAL COMPANY, and has become deputy chairman. He resigned from the Court of Directors of Ionian Bank.

Mr. J. Watson is now chairman of PERMAIL, succeeding Mr. A. A. Heath, who has relinquished the chairmanship but remains on the Board as life president.

Mr. Raymond J. Parkes has joined the Board of W. TYZACK SONS AND TURNER as works director.

Mr. D. F. Walton, chairman of Thos. W. Ward, has been appointed a director of TUNNEL HOLDINGS following the resignation of Mr. Arnold Carr.

Mr. Brian Brown has been elected deputy vice-president of the NATIONAL TYRE DISTRIBUTORS ASSOCIATION.

Mr. Alan C. Crawford has relinquished his directorship of Royle Advertising in Birmingham and has been appointed a director of PHOTODUEN.

Sir Ian Morrow, managing director and deputy chairman of U.K. Optical and Industrial Holdings, has relinquished the position of managing director of UNITED Optical and Industrial Holdings, which has been elected to the International Board of Governors.

a principal subsidiary, but continues as chairman of the company. Mr. Andrew Blakeley, group finance director, takes over the additional post of managing director of United Kingdom Optical Company.

Mr. William Byrne, regional service manager of West Midlands Gas, is to become director of customer service for NORTH WEST GAS.

Mr. J. M. Barber has been appointed financial director of CHRISTIAN SALVESSEN (MANAGERS) from September 1. Mr. D. Gibb will relinquish that position on the same date but will remain a director for special financial assignments.

Lord Polwarth is to be the next chairman of the SCOTTISH NATIONAL ORCHESTRA SOCIETY. He will succeed the present chairman, Dame Jean Robertson, on September 1.

Mr. Hugh Lester has been appointed managing director of LOUGHBOROUGH DYEWORKS, a subsidiary of R. and J. Pullman, following the death of Mr. H. G. Lessey.

Mr. Vernon Coffee, chairman and managing director of Thorn Domestic Appliances, has decided to retire from executive duties at THORN ELECTRICAL INDUSTRIES on September 30. He will continue as a non-executive director.

Mr. G. D. Ekshop and Mr. M. A. Kirkham have been appointed associate directors of AUDITS OF GREAT BRITAIN.

Mr. A. A. Johnstone has been appointed a director of STEVEN HOUSE LIFE AND PENSIONS and will cover the company's Midlands area.

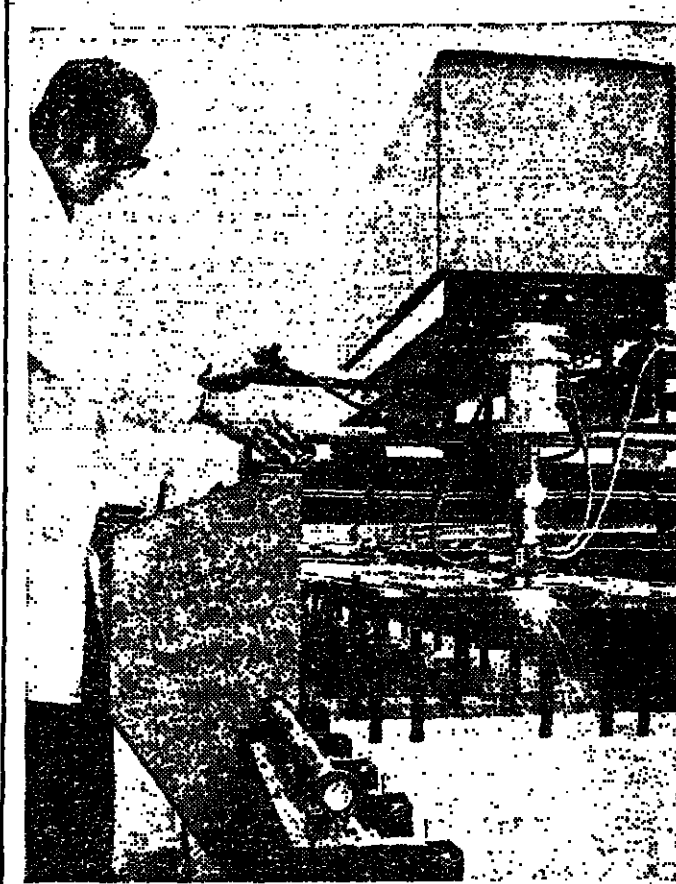
Mr. F. R. Kennedy has been appointed divisional department director of BIRMINGHAM QUALCAST (HOME AND GARDEN EQUIPMENT).

Mr. John McElroy has been appointed a director of RUSH AND TOMPKINS SCOTLAND.

Mr. R. F. Coleman-Coleman, founder-director of Alliance Builders Society, has been appointed for his work on behalf of the Israel University of Engineering and Technology, Haifa, and has been elected to the International Board of Governors.

## Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHUETTERS



Westland Helicopters laser cutting through stainless steel, leaving a clean cut only 0.004 inches wide.

## Profile of a laser

FAST laser beam cutting equipment has begun production operations at Westland Helicopters, Yeovil, to cut and trim stainless steel sheet and components for Lynx helicopter rotor blades.

The machine, designed and built by Westland with Ferranti MF400 carbon dioxide laser head, is being used to save time and money in the manufacture of Lynx rotor blade leading edge components.

ABLE to cut at the rate of four metres a minute, the machine cuts stainless steel sheet, later formed into D section components for blade leading edges. It is also used to trim the surplus metal from the D sections. Previously the trimming operation took 35 minutes for each cut, and used special cutters worth over £100 for each blade produced. Now each trimming operation can be done in under two minutes, using only a few pennies worth of gas and electricity.

Lynx, designed by Westland, is an Anglo-French collaborative project. It employs a revolu-

tionary semi-rigid rotor with blades of a composite stainless steel and glass reinforced plastic construction.

Westland is now looking into other production uses for the laser beam cutting machine, including the fitting of a numerical control system so that it can be used to profile sheet steel and titanium components.

THIS is one of the first realistic instances of U.K. production line application of laser cutting equipment, despite its obvious advantages over many of the traditional manufacturing methods.

According to Mr. M. Farlam, of Westland, the company looked around the machine-tool market for a long, flat-bed machine that would allow it to cut large two-dimensional components to high accuracy, but found nothing suitable and had to get engineering department to design an in-house machine. There are a number of industries outside aerospace that could use a design such as this to advantage, particularly when attached with numerical control ancillaries.

## Pollution Separates oil from water

WHEN THE tanks of an oil tanker are flushed out after returning to the oil loading terminal with nominal water ballast, the oil and water mixture is put through a separating process to remove the crude oil residue.

According to Anti-Pollution Chemicals, this procedure consumes time and money and there

is no guarantee that the water dumped is free from oil residue.

A chemical now available from the company separates the mixture of water and oil making it possible to pump out the water without the danger of taking with it the separated crude which floats on the top.

In addition, the chemical provides an inert film on the walls of the tanks which resists the tendency for the crude to adhere, saving time in the separation process for subsequent loads, and money in extra barrels of oil salvaged. The company is at 671, Bilsland Drive, Glasgow G20 9NE (041-495 5750).

## RESEARCH Runnerless moulding studied

FULMER Research Institute and the Independent Plastics Engineering Centre (IPEC) in collaboration, are offering a new method of moulding, entitled "Runnerless Moulding."

The study is being initiated as a result of the upsurge in the use of runnerless techniques for injection-moulded plastics products. Users have been stimulated by problems of material shortage and the potential of cost savings.

Some of the more obvious benefits of runnerless moulding, such as the elimination of runners and sprues, have tended to overshadow possible reductions in cycle times and energy consumption, and the potential benefits for improvement of product quality. Acceptance has been hampered by confusion in terminology, the necessity of electric heating to the mould and associated electronics for control and inconsistency in the engineering and tooling components.

Primary objectives of the study are to provide management and designers with the necessary data to justify investment in runnerless moulding, such data relating to material and cost savings and product quality.

IPEC, Avis Way, Newhaven, Sussex BN9 0DU, Fulmer Research Institute Ltd., Stoke Poges, Bucks SL2 4QD.

## ENERGY Bench power from new type unit

WEIR INSTRUMENTATION has a low-cost general-purpose bench power supply unit capable of delivering a stabilised dc output continuously variable over the voltage range of 0 to 60, with a maximum load current rating of 1 amp at any voltage setting.

Mini 561 is based on an entirely new circuit design in which comparatively high load-power rating is achieved by the use of a novel switching-mode regulator preceding a conventional series stabiliser.

This switching circuit ensures that the series stabiliser operates with a near-optimum potential across its emitter-follower transistor at all output voltage settings, thus obviating the need for range switching and for excessively large heat sinks.

Working on the unsmoothed rectified ac, the switching circuit is arranged to switch on at a zero crossing of the ac cycle and to switch off when the reservoir capacitor is charged to the required level. A slow switch-off action minimises radio fre-

quency interference problems and avoids the need for expensive high-speed power switching transistors.

In order to offer protection to fragile load circuits Mini 561 has a built-in variable current limiter. The current limit is adjustable by means of a continuously variable control to any desired value up to 1 amp.

If the load resistance is such that the current at the power supply's voltage setting would be above the selected limit, the unit automatically converts to a constant current source, so that the actual output voltage reduces to the level where the current limit is not exceeded.

Suitable for operation from a.c. mains voltages in the 100 to 240 volt and 50 to 60 Hz ranges, the Mini 561 gives line regulations better than  $\pm 0.02$  per cent, output voltage change far less than 0.05 per cent.

Maximum output for 100 per cent load change. Ripple and noise are claimed to be less than 2 mV peak-to-peak and transient response is such that the output voltage recovers to within 100 mV in 30 microseconds for a full load step change.

Weir Instrumentation, Durban Road, Bognor Regis, Sussex BN9 6PL.

## CONSTRUCTION Cavity fill problems

DEPARTMENT of the Environment intends to circulate for comment in the near future, a draft type-relaxation of the building regulations which would allow cavity foam insulation in certain circumstances, without formal permission from a local authority.

In a circular letter to local authorities in England, the Department makes it clear that until the type-relaxation comes into effect it should be possible for authorities to relax the regulations in the great majority of cases, to allow this work to be carried out. The Department expresses concern that a number of authorities are refusing, as a matter of course, to relax the regulations and stresses that many of the subsequent appeals coming to the department are being allowed.

The letter points out that because of the need to consult, it will not be possible to bring the type-relaxation into effect for several months. Until then, relaxations will need to continue to be carried out on a case by case basis. But the Department's view is reiterated that it should be possible to relax the regulations in the great majority of cases and attention is again drawn to the evidence of the Agreement Board of a negligible failure rate in dwellings treated

## BCIRAJ SOLVES YOUR IRON CASTINGS PROBLEMS

ALVECHURCH - BIRMINGHAM Telephone Redditch 66414

in accordance with the conditions of an Agreement Certificate.

The Department says it is also concerned that delays are resulting from the need to refer applications to the appropriate committee and from demands for a disproportionate amount of information from applicants (that is copies of Agreement Certificates in respect of each individual case). Local authorities might wish to consider delegating responsibility for minor work of this nature to officers and reducing as far as practicable the procedures and paperwork involved.

The Department will be prepared to allow appeals whether or not they are backed by Agreement Certificates in cases where there is evidence that work done on similar properties and sites in a locality by the same installer has not led to failures over a period of about a year.

Commenting on the attempt by the DoE to remove the stumbling block to home insulation it inadvertently set up through its late 1974 decision to insist on Section C9 of the Building Regulations - whereupon most local authorities clamped cavity foam insulation - BCI has welcomed the fresh approach.

It is planning a Press campaign to answer the critics of foam cavity wall insulation and points out that the systems have been endorsed by the DoE in its "Save It" campaign.

## AGRICULTURE Fluidyne pumps to India

METAL Box Overseas and Harwell have entered into an agreement for the joint development of Harwell's "Fluidyne" liquid piston stirring engine for use as a simple irrigation pump in arid countries.

Further information on Fluidyne pumps operate automatically by the rhythmic displacement of air between a hot and a cool zone, with water itself

acting both as the displacer and as the output piston; the only other moving parts are simple valves. The pump needs a temperature difference of only a few tens of degrees to make it work, so any conveniently available fuel can be used. In many countries it is expected that the sun's heat may provide the driving power. The pump is self-starting and in operation there is virtually nothing to go wrong.

Metal Box has delegated the task of marketing the development and manufacture of this pump to its Indian subsidiary, Fluidyne from Dr. Colin West, Building 152, AERE Harwell, Oxfordshire, OX11 0RA. Abingdon 24341 (0255) Ext. 2582.

## MATERIALS Seals for problem areas

TWO-COMPONENT cold curing polyurethane sealants for in-situ use, known as Quentflex, have been produced by Quentflex, Westbury, West Yorkshire LS27 7BZ, Boston Spa 843838.

The sealants are solvent-free systems with negligible shrinkage. No heating is required as they are simply mixed together and poured in place into joints, and set within a few hours. They have a Shore hardness of 30, good low temperature flexibility, cohesive strength, and recovery from

deformation, as well as excellent resistance to most common chemicals.

Available either as pourable materials for horizontal joints or thixotropic ones for vertical joints, they may be used for joints in concrete, epoxy or polyurethane.

Joining acid-resistant tiles in food factories where a flexible joint is required, highways, bridge approaches, parking decks and patios are other application sites.

Used in the lateral joints of epoxy bridge bearings, they will relieve the stress often encountered in these types of materials. For vertical joints they may be applied by caulking guns in situations where a high performance sealant is required.

## INSTRUMENTS Automatic tests of flash point

TO DETERMINE petroleum flash points up to 370 degrees C to the standard methods of ASTM D93, Gallenkamp has introduced an automatic Pensky-Martens testing apparatus.

Because the test is automatic and temperature programme control, dipping cycle and flash detection are within specification requirements, the company says the results are of high accuracy and repeatability.

Called the "Autoflash," it is said to provide "set and forget" testing. The operator puts the sample in the flash cup and sets the digital switch to the expected flash point temperature.

When flash is reached, the digital indicator stops, a "flash" sign lights, an alarm sounds, the heater is switched off and cool-in-water admitted to the heating block. If no flash has occurred at 30 degrees above the expected point, the same sequence takes place with a "no flash" sign.

The sample is heated at a rate of 5/6 degrees C per minute, stirred, up to 15 degrees below the expected flash point, when the stirrer stops and the test flame dips. If no flash occurs, stirring and heating continue with repeat stirring every 2 degrees up to 104 degrees C, then every 3 degrees until a flash occurs or the safety limit is reached. Alternatively, testing takes place from sample temperature to flash point, a facility stated to be useful in determining sample contamination.

A Gallenkamp and Co., P.O. Box 290, Technico House, Christopher Street, London EC2P 2ER (01-247 3211).

## COMMUNICATIONS P.O. speeds the telegrams

SAVINGS of more than £15m a year are expected by the Post Office from its new £45m. telegram retransmission centre in London, officially opened yesterday.

The centre is linked to 13 international telegraph offices in the U.K. and handles one telegram a second round the clock to destinations in 67 countries using 77 international telegraph routes.

Based on a system provided by Pys TMC in conjunction with Philips Telecommunicatie Industrie, and designated DS 714, the centre has the design ability to handle 12,500 telegrams an hour. If required, it could send 18,000 an hour without overload.

Automatic routing for telegrams originating in Britain is provided through a store of 10,000 international town names, account being taken of alternatives and common spelling errors.

For customers in Britain, the equipment will be required to read the address of each telegram coming in from overseas, whether these are registered telegraphic addresses, or names and private addresses, or again telephone numbers of the addressees. The system will be able to translate the telegraphic address automatically into the relevant Telex number. Over half the telegrams delivered in the U.K. go by Telex and a

further development of the system will provide automatic delivery to a Telex subscriber direct from the Centre.

Some 10,000 U.K. town names are held in memory, together with data to determine variants. In addition, the DS 714 has a memory which can hold up to 100,000 registered addresses with delivery instructions.

Three central processors are installed to provide continuous operation and background program preparation. Some 500 lines are up and working and there is provision for a total of 1,250.

Commenting on the installation yesterday, Sir William Ryland, Post Office chairman, said the equipment was providing faster and more reliable service and was reducing the staff needed to run the international telegraph service by about 1,000.

TELEX - £25 p.a. If your business does not warrant a Telex installation of your own, you should consider our Telex Storing Service. Now in the time to cut your phone bill, reduce letter writing, and speed up your business.

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## L.B.I. Base Rate

Lloyds Bank International Limited announces that, with effect from 6th August, 1975, its

Base Rate, applicable to all its U.K. branches, is increased from 9½% to 10%. The rate of interest allowed on seven-day notice deposits will be 6½%.

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## British Library site agreed

By Michael Thompson-Hovel

THE GOVERNMENT and the British Library Board have agreed on a 94-acre site in London's Euston Road for building the new British Library. The new British Library, Mr. Hugh Jenkins, Arts Minister, told the Commons yesterday. Design work for the building will now go ahead and construction is expected to begin in 1979-80, subject to the economic circumstances at that time. The potential cost has not been specified.

The Euston Road decision reverses the British Library Board's earlier preference for a seven-acre site in Bloomsbury, near to the British Museum, as being more convenient for users.

The Department of Education and Science said yesterday that studies of the Euston Road site, immediately to the west of St. Pancras Station, had shown clear advantages over Bloomsbury including possible phased construction in separate stages; accommodation on one site of all the library facilities that need rehousing, and scope for expansion after the year 2000 if required.

The present owners of the Euston Road site are the British Rail Board and the National Freight Corporation.

## Savings

The Department said: "The absence of listed buildings for preservation should result in substantial cost savings, though it would be misleading to give figures at this stage for total costs, savings, or size of first phase."

The design and other preparatory work is in any case expected to take four years, but yesterday's announcement at least ends a long chapter of uncertainty.

The main factors counting against a Bloomsbury site were said last night to have been the amount of redevelopment and disturbance involved.

The British Library was formed in July, 1973, from the library departments of the British Museum and other national libraries. It is not part of the British Museum.

## Pollution controls will come into force

By Lorne Barling

CERTAIN PROVISIONS of the Control of Pollution Act "which do not involve significant public expenditure" will be brought into force in the next few months, Mr. Denis Howell, Minister of State, Department of the Environment, said yesterday.

His announcement, in answer to Parliamentary questions, follows considerable criticism of delay in implementing provisions of the 1974 Act, which covers a range of anti-pollution measures including waste, effluent, air pollution and noise.

The principal effects of yesterday's announcement will be to force all local authorities to introduce licensing systems for waste licensing, at an overall cost of around £1m. It will also allow local authorities to set up noise abatement zones in which they would be required to record noise levels.

Mr. Howell added that he would be in touch with water authorities and industry about voluntary disclosure of information, a decision which was welcomed yesterday by Friends of the Earth, which has long complained of secrecy surrounding pollution by industry.

## National Westminster Bank

### Rate Changes

National Westminster Bank announces that for balances in its books as from and including Wednesday, 6th August 1975 its Base Rate for lending is increased from 9½% to 10% per annum and its Deposit Rate on all amounts lodged, subject to seven days' notice of withdrawal, is 6½% per annum.

Savings Accounts will now attract interest at 6½% per annum.

## Guaranteed payments move by Tories fails

BY JUSTIN LONG, PARLIAMENTARY CORRESPONDENT

OPPOSITION WARNINGS that the Government's move to guarantee payments to workers could operate in a way "monstrously unfair" to employers were rejected by the Government in the Commons last night when Ministers pressed MPs into a further battle to complete the Employment Protection Bill.

The Tories' "shadow" Employment Minister, Mr. James Prior, protested that the proposals in the Bill could require an employer to make the guaranteed payments where his employees were laid off through no fault of his own by a dispute in an unrelated industry.

Mr. Prior put forward an amendment to the Bill to relieve employers of the "arbitrary" onus placed upon them when they were helpless victims under the provisions of crippling industrial action by a nationalised industry.

In such circumstances, the Tories claimed that the State should be made responsible for the guaranteed payments to the employees of innocent firms hit by strikes in the public sector. The bill for the payments should be paid by the Social Security system, Mr. Prior maintained.

But Mr. John Fraser, Parliamentary Under-Secretary for Employment, argued that the Opposition was here raising objections to the general principle of guaranteed payments, and introducing discrimination between nationalised industries and the private sector.

Under the Tory proposal, the decision whether or not guaranteed payments were made would be taken on "capricious and illogical grounds," Mr. Fraser contended.

The Opposition amendment, during report stage debate on the Bill was rejected by a Government majority of 87 votes (239-152).

Some Labour women MPs voted against the Government in an unsuccessful bid to reduce the qualifying period for maternity allowances.

Among the "rebels" were Mrs. Anne Taylor (Aldon Wn.), Miss Joan Murgatroyd (Bristol SW) and Mrs. Helen Hayman (Welwyn and Hatfield). Their efforts were spearheaded by Miss Jo Richardson (Barking) and then backed by men Labour MPs including former Minister Mr. Eric Heffer (Walton) and Mr. Brian Walden (Ladyswood).

Object of the rebellion was to provide allowances for mothers after one year in a job instead of having to be in employment for two.

But the "women's" revolt was defeated by 181 votes to 56, a Government majority of 125.

He said that although an article in the Scottish Daily Record last Friday about the devolution issues being studied by the Government was "entirely correct," no final decisions on these matters had yet been taken.

The newspaper report suggested that the Government had virtually decided on the establishment of pre-legislation committees in the Assembly, whose chairmen would form a Scottish "Cabinet."

It suggested the possibility of the assembly being allowed to raise its own taxes, subject to a limit of either 10 per cent of the total block grant it received from Westminster, or an extra 10 per cent on top of the grant.

Mr. Edward Short, Leader of the Commons, told MPs yesterday that the Government's proposals for a Scottish Assembly would be published as a White Paper in the second week of October, and would be incorporated into a Bill by the end of the year, or the beginning of 1976.

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## Events in Portugal 'will test impact of Helsinki'

BY PHILIP RAWSTORNE

Mr. Wilson, in a cautiously optimistic statement on the Helsinki talks, said they "represented no more than a beginning but... a beginning in the right direction."

The success of the conference would be judged by its results which would be assessed at another meeting in Belgrade in two years' time.

The limited measures which were agreed should have their value in creating the first elements of confidence without which further progress will not be possible," said Mr. Wilson.

"At best... they should provide the basis for the development of more fruitful and constructive relationships."

The Government would be watching for greater freedom of movement for journalists and greater freedom for them to write.

Opposition Leader Mrs. Margaret Thatcher asked: "What actual steps would you expect the Soviet Union to take in the coming year or so if they are to prove the agreement is a living reality and not a formality?"

Mr. Wilson replied that most in the West, but some others as well, had said the real test would be not the undertakings signed but the progress made in fulfilling them.

One of the real tests would be the mutual reductions in forces. Of significance, within hours of signature, had been the agreement between the German Federal Republic and the Polish Government which would involve movement over a period from Poland to Germany of 120,000 people seeking to return to Germany.

He told Mr. Russell Johnston (L. Inverness) that there was now hope of some new initiative in the Greece-Turkey situation.

Mrs. Margaret Bain (SNP, Dunbarton E.) asked if Mr. Wilson expected there to be any progress between now and the Belgrade Conference about the removal of Poseidon and Polaris from Scottish soil.

Mr. Wilson said Mrs. Bain was right in emphasising the importance of the Government attached to limiting nuclear proliferation. He hoped that progress would be made at the second stage of the Strategic Arms Limitation Talks on the international nuclear arms race.

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## Cuts in drug promotion costs likely

Financial Times Reporter

A CUT in the promotional expenditure which the pharmaceutical industry is able to undertake and subsequently reclaim from the National Health Service was foreseen by Dr. David Owen, Minister of State for Health, in the Commons yesterday.

While paying tribute to the valuable contribution which the industry makes to Britain's export earnings, he complained that too large a proportion of revenue from home sales — something like 14 per cent — was going to promotional activity.

Dr. Owen insisted that there could be too much promotional activity and spoke of gifts and lavish amounts of samples made available to doctors which resulted in an unnecessary charge being made on the health service.

"This is an area for sensible expenditure cuts which will not affect the National Health Service," stated the Minister.

Dr. Owen recalled that he had already made it clear that, in seeking a reduction in promotional expenditure, he did not wish to prejudice the position of journals of reference value.

Later in a written reply, Dr. Owen expressed concern that in the case of new medicines practitioners often had to rely on promotional material from pharmaceutical companies as their chief source of information.

He confirmed that he was negotiating with the Association of the British Pharmaceutical Industry with a view to agreeing "substantial reductions in expenditure on sales promotion."

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## Defeat in Lords on industrial democracy

THE GOVERNMENT was defeated in the Lords yesterday during the report stage of the Industrial Bill, which sets up the National Enterprise Board.

The Bill enabled the Board to promote "industrial democracy" in its undertakings; but an Opposition amendment enabling the Board instead to promote good "industrial relations" and the involvement of employees in the affairs of their undertakings was carried by 71 votes to 66, a majority against the Government of five.

Opposition spokesman Lord Aberdeen complained that the phrase "industrial democracy" was too vague and meant nothing to anybody. It was totally wrong to put words in a Bill which could not be deduced.

Government spokesman Lord Lovell-Davies replied that the Opposition amendment was too weak and did not contain the Government's intentions to bring about fundamental changes in attitudes and the balance of power and responsibility in industry.

The phrase "industrial democracy" best expressed the Government's concept. They were committed to a far-reaching extension of industrial democracy.

Mr. Shore said these measures would involve a major change in company law but would clearly bring about a fundamental change in the way industry was managed. Because of this, and because the issues were both complex and, in this country, relatively unexplored, the Government wished to have the best available advice before coming forward with legislation.

The committee's terms of reference would be to consider how to achieve greater participation, accepting the role of the unions, and to analyse the implications of representation for efficient management and company law.

The names of the chairman and members would be announced shortly.

Mr. Shore said: "The committee will wish to call for and receive evidence quickly and I hope that interested parties will begin to prepare their evidence right away. There is a need for a wide-ranging debate on this important subject so that a full measure of public support may be achieved."

The Government also intended to take a radical look at the role of employees in decision-making within nationalised industries. A study had been set in hand.

"Meanwhile, the Government hopes that experiments in developing new forms of industrial democracy and democratic self-management within the existing framework of the law will continue; and that the establishment of the committee of inquiry will in no way prevent the work now in progress from continuing to develop."

Mr. Shore also praised Mr. Giles Radice (Lab., Chester-le-Street) who had introduced a Private Members' Bill on Industrial Democracy. The debates of the standing committee which had considered that Bill would be a very helpful contribution to the work of the committee of inquiry.

Mr. David Madel (C., South Bedford) from the Opposition front bench, welcomed the statement, but asked the Government to have another look at the terms of reference, which at first sight seemed "somewhat narrow."

Mr. Cyril Smith (L., Redcliffe) regretted the committee could not cover nationalised industries.

Mr. George Park (Lab., Coventry NE) said the Government should realise that the appointment of workers to Boards was not the heart and end-all of worker participation.

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## Court Line statement by Wilson to-day

BY PHILIP RAWSTORNE

MR. HAROLD WILSON is to make a Commons statement to-day about the Government's refusal to allow the Ombudsman access to Cabinet Committee documents on the Court Line affair.

Announcing his personal intervention during angry exchanges in the Commons yesterday, Mr. Wilson said he would "nail this matter once and for all."

Referring to a "mendacious and totally characteristic article" in The Times newspaper which suggested that the Government had withheld the documents to conceal his own role in the affair, Mr. Wilson said that the question of the Ombudsman's access to Cabinet papers had been fully debated in the 1965 Act which established the office.

"The rules which were laid down then have been followed by successive Governments," he declared.

The Prime Minister's statement will precede a half-day's debate on Court Line in which Mr. Peter Shore, Secretary for Trade, will face Opposition charges that he misled the Commons last week by telling MPs that the Ombudsman, Sir Alan Marrs, had been given full access to all the relevant information.

But the main target for the Tory attack in the debate will be Mr. Anthony Wedgwood Benn, whose statements about Court Line when he was Secretary for Industry last year, were criticised by the Ombudsman for misleading thousands of holiday-makers by creating "undue confidence" in the company.

Mr. Wedgwood Benn intends to mount a vigorous defence of the position he adopted at the time with full Cabinet authority.

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## Scheme to give more jobs to young people

By Our Lobby Editor

ANOTHER 1,000 jobs for young people finding it difficult to get normal employment are to be made available through the Government-backed Community Industry scheme, said Mr. John Fraser, Parliamentary Secretary for Employment, in a written Parliamentary answer yesterday.

The Department said that this meant a total of 3,000 would now be able to make use of the scheme, an increase of 50 per cent. The scheme operates in 20 areas of England, Scotland and Wales through the National Association of Youth Clubs. It is estimated that the expansion will cost up to £1.5m. in a full financial year.

This is the latest in a series of Government measures to help young people in the current recession. Others include schemes to be set up by the Training Services Agency to provide first year off-the-job craft or technical training for people unable to obtain apprenticeships — up to 7,000 places to be available in the first instance; grants in construction to industry employers to stimulate apprenticeship recruitment; help to apprentices threatened with redundancies; special training courses for up to 5,000 unemployed school leavers and other young people each year.

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## Workers on the Board 'law by 1976-77'

WORKERS COULD have seats on the Boards of private companies — by law — by the late 1970s.

Legislation on the rights of workers to be represented on the Boards of private companies should come before Parliament in the 1976-77 session, Mr. Peter Shore, Trade Secretary, told the Commons yesterday.

Mr. Shore announced the setting-up of an independent committee of inquiry to examine how workers could participate in major decisions affecting the future of their companies, through representation at Board level.

The committee would be asked to report to the Government within 12 months, and the Government intended to go "all out" to be ready for legislation in 1976-77.

Mr. Shore said these measures would involve a major change in company law but would clearly bring about a fundamental change in the way industry was managed. Because of this, and because the issues were both complex and, in this country, relatively unexplored, the Government wished to have the best available advice before coming forward with legislation.

The committee's terms of reference would be to consider how to achieve greater participation, accepting the role of the unions, and to analyse the implications of representation for efficient management and company law.

The names of the chairman and members would be announced shortly.

Mr. Shore said: "The committee will wish to call for and receive evidence quickly and I hope that interested parties will begin to prepare their evidence right away. There is a need for a wide-ranging debate on this important subject so that a full measure of public support may be achieved."

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"Meanwhile, the Government hopes that experiments in developing new forms of industrial democracy and democratic self-management within the existing framework of the law will continue; and that the establishment of the committee of inquiry will in no way prevent the work now in progress from continuing to develop."

Mr. Shore also praised Mr. Giles Radice (Lab., Chester-le-Street) who had introduced a Private Members' Bill on Industrial Democracy. The debates of the standing committee which had considered that Bill would be a very helpful contribution to the work of the committee of inquiry.

Mr. David Madel (C., South Bedford) from the Opposition front bench, welcomed the statement, but asked the Government to have another look at the terms of reference, which at first sight seemed "somewhat narrow."

Mr. Cyril Smith (L., Redcliffe) regretted the committee could not cover nationalised industries.

Mr. George Park (Lab., Coventry NE) said the Government should realise that the appointment of workers to Boards was not the heart and end-all of worker participation.

## APPOINTMENTS

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# MARINE MIDLAND BANKS, INC.

CONSOLIDATED BALANCE SHEET • JUNE 30, 1975

Assets	
Cash and due from banks	\$ 1,765,011,000
Interest bearing deposits with banks	1,205,010,000
Trading account securities	48,530,000
U.S. Government and Federal Agency obligations	641,683,000
State and municipal obligations	586,471,000
Other securities	144,711,000
Total investment securities	1,372,865,000
Loans in domestic offices	4,079,671,000
Loans in foreign offices	1,598,999,000
Mortgages	938,548,000
Total loans and mortgages	6,617,218,000
Federal funds sold and securities purchased under resale agreements	102,706,000
Direct lease financing	124,741,000
Premises and equipment	144,450,000
Customers' acceptance liability	156,333,000
Interest receivable	115,480,000
Deferred charges and other assets	101,523,000
Total assets	\$11,753,847,000
Liabilities, Reserves and Capital	
Demand deposits	\$ 3,558,823,000
Personal savings	2,021,217,000
Other time deposits	1,484,150,000
Deposits in foreign offices	2,484,645,000
Total deposits	9,548,835,000
Federal funds purchased and securities sold under repurchase agreements	767,440,000
Other funds borrowed	150,577,000
Interest, taxes and other liabilities	190,141,000
Unearned discount	136,787,000
Acceptances outstanding	158,860,000
Notes and mortgages payable	61,835,000
Debentures	200,000,000
Total liabilities	11,214,475,000
Reserves for Possible Loan Losses	103,837,000
Capital	
Preferred stock	3,696,000
Common shareholders' equity:	
Common stock \$5 par	
Authorized — 20,000,000 shares	
Issued — 12,512,476 shares	62,562,000
Capital surplus	110,128,000
Retained earnings	260,096,000
Less — common stock in treasury, at cost — 29,710 shares	(947,000)
Total common shareholders' equity	431,839,000
Total capital	435,535,000
Total liabilities, reserves and capital	\$11,753,847,000

Securities and other assets carried at \$803,654,000 are pledged to secure public deposits and for other purposes, including securities sold under agreements to repurchase.

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## RACING

### Murray can win on popular Calaba

By Dominic Wigan  
WITH LESTER Piggott absent in France, Tony Murray has come in for the ride on the popular mare Calaba, top weight in today's Brighton Challenge Cup. She has the formidable task of giving between 6 lb and 8 lb to her opponents, but may have more to fear from the luckless Ribellaro.

## Interesting

An hour after the Challenge Cup I believe it could pay race-goers to take a chance with the lightly raced Presently Do in the Hassocks Stakes. Although this filly has shown little on her last two runs, she is expected to be back in fine fettle and a reproduction of her good showing in the Jersey Stakes would see her home. Sandy Barclay who has been enjoying a good spell in the North recently partners Denis Smith's Sovereign in the Corral Handicap at Ayr today. It will be interesting to see if this recently disappointing six-year-old can gain his fifth victory here and his third over the six furlong course and distance. Wee Sovereign may do so particularly now that he has the fast ground which suits him best but my own preference is for the inexperienced Burrows to win the race. This chestnut daughter of Kilduff kept going well to win at Warwick ten days ago after being off the course for two months. In what seems sure to be a competitive race for the Underwood Nursery, another Barclay mount, Mabruk, appeals as the likely answer. This colt could hardly have won more easily when disposing of seven rivals headed by Tucedo at Haydock on his last appearance.

## BRIGTON

3.00—Touch of Gold  
3.30—Calaba  
4.00—Velvetia  
4.30—Presently Do\*\*\*

## AYR

2.45—Mabruk  
3.15—Burrows  
4.45—Royal Russet

## PONTERFRACT

2.45—Verity's Request  
3.15—Isomer  
3.45—Pal's Bambino  
4.15—Venus of Stretham  
4.45—Barbaro  
5.15—Highland Jig

## DEVON

2.30—Queen's Folly  
4.00—Fire Red

## CRICKET: SECOND TEST

BY TREVOR BAILEY

### The downpour that came too early to help Greig

SOME 40 minutes before play could begin on the final day of the Test, a heavy shower followed by rain held up play until noon. This effectively killed the outside chances of an Australian win, leaving two possibilities—the probable draw and an English victory.

As the pitch was completely covered it was unaffected by the rain and Greig must have been disappointed that the rain did not come after a ball had been bowled.

McCosker and Ian Chappell resumed against the pace of bow and in the first over of the first innings completed a sound 50. For the first time in this match Lever looked more dangerous than Snow, who was replaced by Woolmer after a short spell. The Kent medium pacer wobbled the odd delivery without ever quite suggesting real penetration.

## Contrasting

As seam was unable to achieve the vital breakthrough, Greig turned to the contrasting spin of himself and Underwood. Both troubled the batsmen and slowed the run rate, which anyway had no significance, but they were unable to dismiss either McCosker or Chappell, who were still together at lunch with the score at 148 for 1.

The same pattern continued after the interval with both English spinners supported by highly attacking fields which inevitably produced runs whenever the bowler was off line. Chappell reached his 50 and soon afterwards Steele, with a field placement which would have flattered Bedi, trapped McCosker in his second over.

Greg Chappell was not deterred and opened his account with a sweep six off the next delivery. The Chappell brothers settled in and it was beginning to look as if a draw was inevitable unless rain intervened when the Australian captain made one of his rare errors, playing on lbw. The total was 222 and Ian Chappell's contribution an impressive 88.

At the same score Underwood for the first time made one lift and turn to G. Chappell who was lucky to clear the slips, while newcomer, Edwards, showed moments of uncertainty against Greig.

Another wicket was vital and should have fallen, but unfortunately Chappell was missed on two occasions, first a difficult running catch at mid-wicket, and then a leg slip by Steele after the second new ball had been taken. At the tea interval Chappell and Edwards were still together and at 264 for three a

draw became almost a certainty. The final session was quiet and uneventful with G. Chappell and Edwards enjoying some batting practice against an English attack which, by this time, had lost both venom and hope on a passive pitch. At the close, figures were 329 for three, figures which were only of statistical interest.

## Fairest result

A draw, which had always looked probable from Saturday afternoon, was the fairest result to a game which, after a splendid Thursday and Friday, had been almost snuffed out by an ultra-perfect, lifeless wicket.

However, there were many good features, not the least being that England have rediscovered a belief in themselves. Tony Greig batted brilliantly and led his team impressively. Edrich, Steele and Woolmer showed sterling innings and Snow produced one brilliant spell of pace bowling.

Large crowds are now assured for the next two Tests and the odds against England have been greatly reduced. Amis, who met with no success down the order, could well be in danger of losing his place as could Lever and Gooch—unless he scores heavily in the interim—and possibly even Underwood, if rain is not around.

## YACHTING

BY ALEC BEILBY

### Disqualified Australians drop place in Admiral's Cup

COWES, August 5.

THE WORST fears of the Australian Admiral's Cup team were realised here today when the special committee appointed by the Royal Ocean Racing Club decided that the yachts which started early in yesterday's inshore race should be disqualified and collect no points for the race.

Ted Kaufman's Mercedes IV, one of the four yachts which crossed before the gun fired and there had been talk of a protest against the race officers on the grounds that the gun was fired several seconds late.

The three yachts which were pointed out that the flag signals which also indicated the start were lowered at the right moment and it was at this moment that the race officers judged the yachts to be at fault.

## Bad race

Apart from the starting problem, the race had little hope of a bad race, making a crucially wrong tactical decision on the way eastwards to the Nab Tower. So even if the committee had decided merely to impose a percentage penalty on the yachts, the outcome would probably have been the same.

The Australians, who had produced the most consistent if not the highest scoring result in

the opening race, have now dropped one place in the overall picture, allowing the British to move up to third place a mere 28 points behind the leading German team and 20 points behind the Americans.

To-morrow's inshore race, the second sailed in the series within the Solent, counts for single points and the gap could well be narrowed further if the British team can show the form of yesterday.

This situation, in turn, will mean that the way will be decided somewhere between Cowes, the Fastnet Rock off south-west Ireland and Plymouth during the Saturday race, which starts on Saturday.

Even the New Zealand teams, who fared badly in the opening race and lie 95 points behind the leaders, can still be said to have a chance, though below that point on the scoreboard the other 14 national teams have little hope.

To-day's race for the Britannia Challenge Cup was started an hour earlier than the traditional Cowes Week 10.30 starting time and a fleet of 90 Class 1 yachts headed westwards down the Solent on the first leg of a 60-mile course round the Isle of Wight.

Best at the start, right under the Royal Yacht Squadron battle-

ments and at the windward end of the line was Tony Morgan's More Opposition, on charter to the Swiss Admiral's Cup team.

She calmly sailed out of Cowes harbour avoiding the juggling for good starting positions that was taking place further off shore and crossed the line with an air of well-timed calm.

## Cool day

Many of the Admiral's Cup yachts stayed in harbour on the wet, cool day in preparation for to-morrow's race as many crews regarded the race round the island to be too long on the eve of an Admiral's Cup race where so much still lies at stake.

Jim Kilroy's 79 foot American ketch, Kilauea, led the way to the Needles as rain swept the Solent round the south shore finishing this evening to face a long wait to see whether she had saved her time on handicap over the smaller yachts still at sea.

Baron Edmund de Rothschild's Gitanes VI was just in sight of her at the finish. Overall victory went to the Australian Admiral's Cup yacht Sumbler, owned by John Kahlbetzer, which beat More Opposition by 15 minutes. The Americans aboard Kilauea had to be happy with line honours and a 14th place on handicap.

### £45m. in grants for industry

THE GOVERNMENT has made available £45m. in the form of grants to the manufacturing industry to promote modernisation and raise productivity.

Foundries projects should be submitted under one of three categories.

1—Investment in new plant and equipment. Minimum project cost £25,000.

2—Investment in new buildings or extensions. Minimum cost £50,000.

3—Expenditure other than under category 1 and 2, involving more than one firm. Minimum cost £50,000.

Form of assistance: 1—A grant of 25 per cent of the net eligible cost of plant and equipment (after deducting any Regional Development Grant for which that expenditure may qualify) will be made on completion of the project.

2—For an approved project a grant of 15 per cent of the net eligible cost of buildings (after deducting Regional Development Grant) will be made on completion of the project.

3—Projects may involve expenditure on, for example, cost of re-planting, adapting existing buildings, or additional working capital following rationalisation or the merger of two or more companies. Assistance for approved projects will take the form of a loan or interest relief grant towards costs not covered by Categories 1 and 2.

Detailed guidelines for appli-

cants will be available shortly from regional offices of the Industry Department. Applications from firms may be submitted between now and the closing date of December 31, 1976. Expenditure on approved projects must be completed by August 31, 1980, in order to qualify.

Machine tools: 1—Projects involving the design and development of new machine tools up to the point of commercial production. Minimum cost £100,000.

2—Projects involving one or more of these categories of expenditure: Category A—Investment in plant and equipment. Category B—Investment in new buildings and extensions.

Timing: Applications must be submitted not later than December 31, 1976, and expenditure on approved projects must be incurred before August 31, 1978. Requests for guidance should be made to the Department of Industry.

made on completion of the project. Category B—A grant of 15 per cent of eligible costs, in lieu of interest subsidy on concessional loans, after deducting Regional Development Grant.

Category C—A concessional loan or equivalent interest relief grant for not more than 50 per cent of eligible costs.

Timing: Applications must be submitted not later than December 31, 1976, and expenditure on approved projects must be incurred before August 31, 1978. Requests for guidance should be made to the Department of Industry.

Category C—Appropriate costs not included within Part 1 and Part 2 categories A and B. Proposals under Part 2 are subject to a minimum qualifying expenditure of £50,000 for individual categories and £100,000 where more than one category is involved.

1—A concessional loan or equivalent interest relief grant for not more than 50 per cent of eligible costs.

2—Category A—A grant of 20 per cent of eligible costs in lieu of the interest rate subsidy on concessional loans, after deducting any Regional Development Grant for which the expenditure might qualify will be

Lightning industrial action to disrupt bus operations which were threatened yesterday by some public garage transport workers in Greater Manchester were condemned as "completely unofficial" by their union, the Transport and General Workers Union.

Labourers and semi-skilled workers employed at several of the 20 garages belonging to Greater Manchester transport said that they would walk out without notice because of moves to reduce their working week from 40 to 39 hours.

### Decision delay on airport

THERE IS unlikely to be a decision on the future of Liverpool Airport this year, it became clear yesterday from a letter from Mr. Peter Shore, Trade Secretary, which was read to the Merseyside Chamber of Commerce and Industry.

Mr. Howard Neve, chairman of the Chamber's air transport committee said later that an early decision on the future of the airport was important because in the meantime it was impossible to attract new airlines, services and holiday tours while it remained undecided.

### LLOYDS BANK BASE RATE

Lloyds Bank announces that, with effect from Wednesday, 6th August 1975, its Base Rate for lending is increased from 9½% to 10%.

The rate of interest allowed on seven-day notice deposit accounts and Savings Bank accounts will be 6½%, an increase of 1%.



## BUSINESS AND INVESTMENT OPPORTUNITIES

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Tandy Corporation (Branch UK), a division of The Tandy Corporation of America, where its 'Radio Shack' operation has over 2,000 retail outlets, arrived in Britain late in 1973 and has already opened 100 audio superstores in England. During 1975, the same fast growth will be maintained and openings will commence in Scotland. Every major town and city will have at least one Tandy Store.

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This ensures high volume sales with substantial profits. Previous trade experience is not necessary. Tandy's 50 years covers everything from your Grand Opening, to everyday routines, plus regular newspaper advertising, full merchandising and promotions support.

A minimum of £17,000 is required.

For further information please write in confidence to the Senior Vice President, Mr. Richard A. O'Brien.

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beyond beyond always.



## The Executive's World

EDITED BY JAMES ENSOR

Anthony Robinson reports from Milan on the plan to revivify the perennially loss-making Italian operations of Pirelli

## The Achilles heel of a bi-national giant

LESS THAN two years after agreeing the details of a five-year re-organisation and development plan, with the trade unions Industrie Pirelli, the perennially loss-making Italian operating subsidiary of the Dunlop-Pirelli group, has been forced by the dramatic downturn in its tyre, cable and consumer goods activities to draw up another five-year re-structuring plan.

It represents another major effort to come to grips with the problems of Industrie Pirelli which has lost no less its losses from Lire 35bn. in

structure is now a working reality.

Meanwhile as of end December 1974 some L43bn. of the promised L138bn. has already been invested. Among other things this had led to the construction of new plants at Battipaglia (cables), Valbasso (conveyor belts, rubberised sheets and not tyres as originally conceived), Manoppo near Pescara (indented belts) and Valpurga near

Chief (transmission belts).

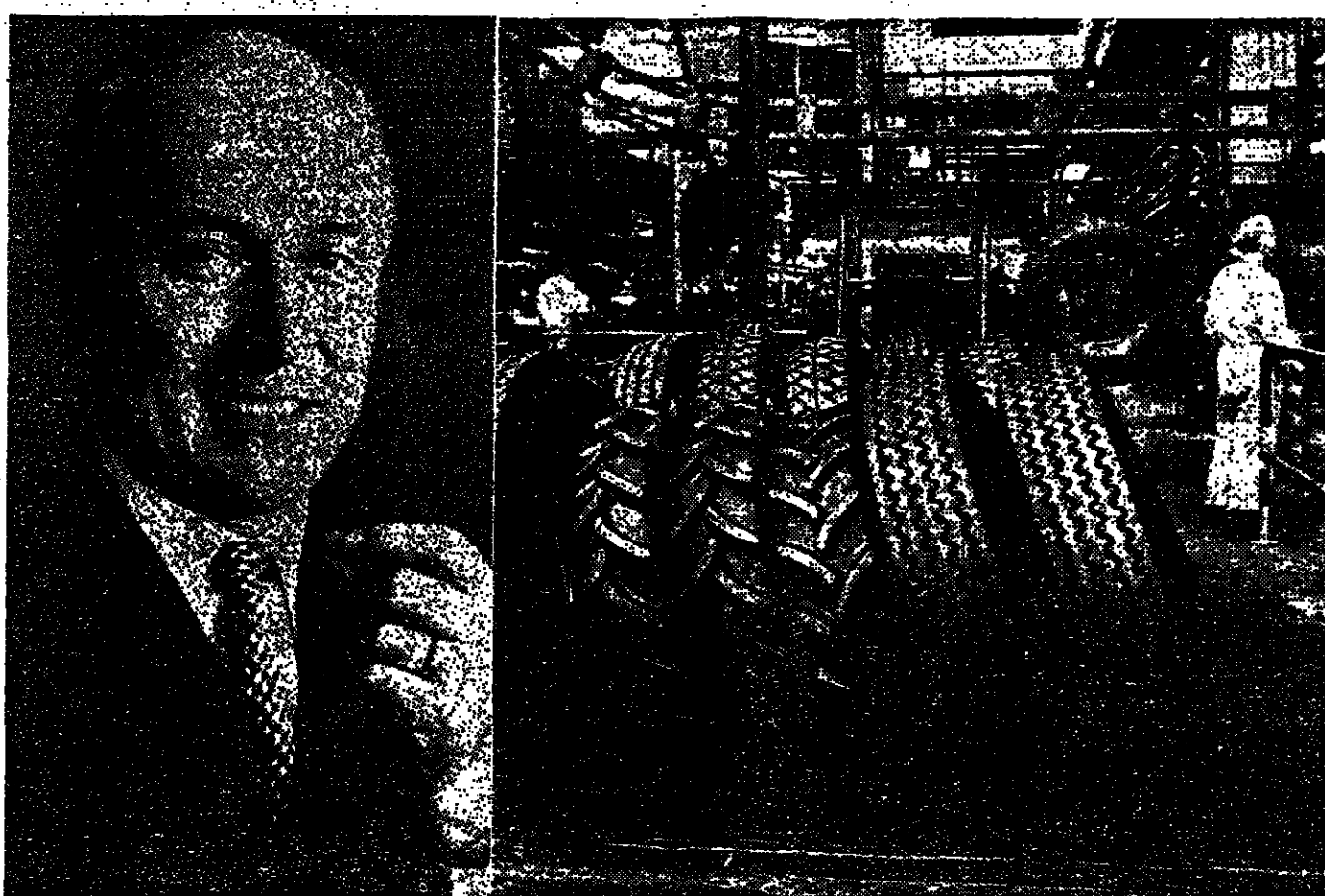
In financial terms Industrie Pirelli has managed to reduce Pirelli which has lost no less its losses from Lire 35bn. in

INDUSTRIE PIRELLI			
	1972	1973 (in million lire)	1974
Operating profit (loss)	(16,993)	2,010	21,849
Financial charges	(14,553)	(17,463)	(32,834)
Taxes	(1,543)	(1,400)	(328)
Net loss	(33,089)	(16,853)	(11,313)

than L78bn., (\$56m.), over the 1972-74 period. In 1973 and last four years and faces further 11.3bn. in 1974. But, as the heavy losses until 1977 at least, table shows, the improvements even if the new plan bears the in operating efficiency have hoped for results.

But before discussing the new plan it is worth seeing just what has been achieved by turned in an operating loss, Industrie Pirelli up to now. The original plan agreed with the charges, of Lire 17bn. which union on September 28, 1973, was turned into a Lire 2 bn. provided for the investment of operating profit in 1973 and one L128bn. over the 1973-77 period, of Lire 21.8bn. in 1974. But of which L63bn. was to be in the weight of accumulated losses modernising plants in northern plus the doubling of interest Italy, L40bn. in new plants in rates last year kept Industrie southern Italy and L6bn. for Pirelli still deeply in the red health and safety improve- and the market downturn since menia. All this was in addition the autumn of 1974 ensures to a fundamental management further heavy losses.

Against this background of falling demand, rising costs management structure within a spread over lower output and de-centralised system giving the prospect of continuing losses greater power and operational Pirelli has been obliged to put autonomy to individual profit 40 per cent. of its 34,000 strong centres. This new management Italian workforce on short time



Sig. Filiberto Pittini, managing director of Industrie Pirelli and the Siccoca plant in Milan which will now specialise in heavy duty tyres.

working and bring out its new plan.

The plan, which has been prepared by Pirelli management and presented to the unions as the basis for negotiations, provides for the investment of Lire 270bn. over the next five years. This is a figure which includes the Lire 65bn. earmarked under the first plan but not yet spent, and also takes into account cost inflation calculated at 12 per cent. annually over the period. It is therefore a much more modest outlay in real terms than it appears at first sight.

Pirelli hopes to raise 150bn. of this total through the re-investment of depreciation funds, 60bn. through the sale of assets and a possible bond issue if market circumstances permit, and Lire 60bn. from the State in the form of low interest credits for investment in southern Italy.

The key features of the plan include a major restructuring of Pirelli's Italian tyre plants and the development of new applications in the plant construction, agricultural, public transport, goods and passenger

handling, flood control and environmental sectors.

To take the first point first, it is by now abundantly clear that Industrie Pirelli's Achilles heel is the tyre and associated automotive activities which together account for roughly 50 per cent. of its L430bn. turnover. On Pirelli's calculations its Italian labour costs, including the over 40 per cent. social security charges, at L4,400 per hour (\$2.80) are double those in Pirelli's U.K. plants and L200 per hour higher than wage costs at its German plant. At the same time productivity in its West German tyre plants is 30 per cent. above that in its Italian plants and even U.K. productivity is 10 per cent. higher. Given the existence of a 30 per cent. over capacity in Europe

in the tyre sector because of the automotive slump, it is clear that Pirelli's Italian tyre plants are highly uncompetitive at a time when over-supply has led to price cutting and other tough forms of competition.

Ideally, Pirelli would like to have closed its tyre plant at Tivoli near Rome, as well as three other smaller plants producing rubber and plastic consumer goods and the obsolete cable plant at Livorno.

In Italy, however, it is virtually impossible for a major group like Pirelli to either close down a plant or sack workers. It knows that any such move would spark off solidarity strikes and other demonstrations throughout its 48 plant a third over the second half of 1974 as the telephone company

circumstances it has decided to keep all its existing plants going, except Livorno which will be closed and replaced by the more modern plant in the same general area. Instead it will tend to produce several different types of tyre in all the various plants. Under the terms of the new plan Pirelli intends to specialise production. Giant tyres for trucks and other industrial vehicles will be produced solely at the Siccoca plant at Milan, the Sottimo Torinese plant in Turin will specialise in automobile tyres, and Villafranca Tirrena in Sicily will produce motor-cycle and other light tyres while Tivoli will specialise in tractor and cross country tyres.

Obtaining trade union co-operation for the kind of internal labour mobility and higher productivity needed to put this plan into practice is going to be very difficult. As managing director Sig. Filiberto Pittini points out, it is difficult to sell the idea of higher productivity when workers are on short time, but without it the Italian plants risk losing competitiveness to an extent which threatens the survival of Industrie Pirelli as a whole.

cut orders as part of the Government's austerity drive. Much smaller growth is now expected through to the mid-1980s. This means that Pirelli's telephone cable plants are likely to be underutilised until 1984, unless it can find export outlets to fill the gap. The financial problems of ENEL have also led to reduced orders and delayed payments in this sector as well, although the long-term growth prospects for energy cables remain bright.

## New business

But while tyres and cables are vital to the overall future of Industrie Pirelli, the new plan also calls for even greater efforts to diversify into major new product areas. To this end it has set up a "special studies centre" to pick out and explore potential new lines of business. Pirelli has recently stepped up the effort to export its plant design and engineering capabilities. It recently signed contracts worth a total of L60bn. (\$43m.) for the supply of tyre and rubber accessory plants to the Soviet Union, Iraq and Iran and is currently negotiating contracts for twice this amount, principally in Eastern Europe and the Arab countries.

Apart from this Pirelli sees a big potential future in the use of special rubber sheets to line dams and irrigation canals, flexible dams for flood control on major rivers and for special purposes such as water control on the Venice lagoon, flexible anti-pollution booms, plastic drainage and sewerage pipes and related water collection systems, flexible underwater storage cisterns for oil, gases and other products, inflatable rubber piers, conveyor and transmission belts, pedestrian and freight conveyor belts and handling equipment (on which it is collaborating closely with Dunlop).

If it manages to obtain the vital trade union co-operation, raise the necessary funds and press on with its plans, Industrie Pirelli should be a very different looking company by 1980. But there are still a lot of hurdles in the way.

## Imports

The point is that in 1975 Pirelli expects to produce a mere 270,000 tons of tyre compared with 325,000 tons in 1971 while exports have remained stationary for three years and imports have shot up by 50 per cent. to 62,000 tons. Regaining lost ground requires Pirelli getting the economics of its tyre production right in time for the predicted upturn in the tyre market in 1977.

But tyres are not Pirelli's only problem. It is also heavily dependent on a continuous flow of orders and prompt payment from the State controlled telephone company SIP and the nationalised electricity corporation ENEL. After a 30 per cent. annual growth in telephone cable demand between 1968 and 1973, new orders plummeted by a third over the second half of 1974 as the telephone company

## BUSINESS PROBLEMS BY OUR LEGAL STAFF

## A director not a member

Along with two others I was elected to the Board of a company in January 1975 though to date we have not acquired a shareholding though we have attended directors' meetings and two A.G.M.s. I have asked for copies of the memorandum and articles of association and for balance sheets, but am told that without a shareholding I do not qualify for either of these. Is this so? In any case I am told the articles are mostly Table A. In that case, contrary to the present practice should not a question put to directors' meetings, be decided on a show of hands?

It seems that a director who is not a member of the company is not entitled to copies of the company's memorandum and articles or accounts or to attend as a director. However, you can inspect both classes of document at Companies House in your capacity as a member of the general public. It is difficult to see how the statutory annual accounts can have been properly presented to the annual general meeting by the directors if not previously considered at a directors' meeting. Unless the powers of the Board have been delegated to a committee, and this is authorised by the articles, a Board meeting requires notice to all directors to be given and resolutions which are not unanimous or require a majority should be effected by a show of hands or similar "one man, one vote" method. The chairman is usually given (by the Articles) a casting vote in case of equality on a division of opinion.

## Travelling expenses

I understand from replies I have read from you in the past that travelling expenses in connection with property letting to inspect need for repairs and their progress etc would be tax deductible if not incurred on purchase. Such expenses have been allowed in the past but a new Inspector is disallowing these back to 1969-70 on the grounds that "Schedule A makes no provision for deducting travelling expenses incurred in the actual

management of property. The travelling aspect simply puts you in a position to enable you to manage." My contention is that such expenses are wholly and necessarily incurred in connection with management. Could I have your opinion?

The new Inspector seems to be allowing Schedule E memories to influence his Schedule A thoughts. Whether the cost of travel to and from one's own investment property is an expense of management is a question of fact in each case, and it is not surprising that the Schedule A rules neither allow nor disallow it as such. Provided that there was no dual purpose in the journeys in question (for example that you were not going to that town to visit a friend or the local museum as well as to inspect your property), the cost should generally satisfy criteria for deduction under the Schedule A rules: since questions relating to the property would doubtless be exercising your mind on both the outward and the return journeys, it is difficult for the Inspector to maintain that management does not commence until arrival and ceases when the property is out of sight. It may be helpful to suggest tactfully that the Inspector consider the parallel situation of an owner whose agent travels to and from his property on his behalf.

Another point is raised by your letter, if you mean that the new Inspector is seeking to disturb agreed figures for past years by making additional assessments (for further assessments, to be precise). The powers of both Revenue and taxpayer to reopen closed matters are circumscribed, particularly where the point in question was in the minds of both parties when the original agreement was come to. It may well, therefore, be unnecessary for you to spend time arguing over past travel, and we suggest you restrict the discussion to 1974/75 travel, pointing out that earlier years appear to be beyond disturbance now.

## Obstruction to a right of way

There is a right of way for me round the back of my shop over land retained by the builders, who are bankrupt. The tenant of another shop persists in parking his car on this, so preventing me from using it. Against whom could I take action?

You may have a right of action against the person who obstructs the right of way, but only if you are actually prevented from exercising over it a right which has been properly granted to you. Otherwise it is for the liquidator of the owner of the right of way to take action if he thinks fit. You should consult a solicitor.

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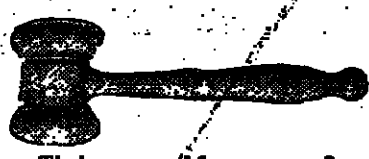
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WEDNESDAY, AUGUST 6, 1975

## Guarding the guardians

THE FACT that it is now official policy to reduce the projected growth of public expenditure places a greater rather than a smaller responsibility on the Commons Expenditure Committee. Not only is it essential to ensure that the official policy is carried out in general terms—as, for example, the forecast of a 12 per cent decline in capital expenditure between 1973-74 and 1974-75 seems not to have been—but the general aim can only be fulfilled if it is successfully translated into terms of individual projects.

The latest report of the Committee is concerned with the sharp rise in the financial deficit of the public sector which took place between the spring Budgets of 1974 and 1975 and with the various means which the Chancellor himself, acknowledging the seriousness of this unexpected rise, has now announced for making a recurrence less likely. The question of cash limits for wage bills in the public sector and a more widespread use of cash limits generally is one on which the Committee will be publishing a separate report. The question of getting away from the constant price basis used in recent White Papers is one on which the Government itself has yet to reach a decision and on which the Committee would like consultations to take place between itself and the Treasury before a new and less misleading basis is decided upon.

## Public sector pay

There remain several matters on which the Committee has valuable recommendations to make. The first, unrelated to the two issues already mentioned, is that the Treasury should consider the possibility of publishing public expenditure figures whenever important changes take place, or perhaps quarterly; certainly the detailed results of the present review should be published as soon as they are available. Second, it is proposed that statistics about the relative levels of pay and earnings in the public and private sectors should be collected and published regularly. This is an issue which is clearly of major importance whenever a voluntary policy of pay restraint is in force, and Treasury witnesses seem to have given somewhat discrepant evidence to the Committee about what has recently been happening: firmer information is obviously desirable.

## State assistance

Third—perhaps a more controversial point—the Committee thinks that the emphasis placed on capital rather than current expenditure cuts has a number of unfortunate consequences, not least on productivity in the public sector itself and on the private sector supplying industries. The final recommendation is one on which there should be no controversy at all—the publication of the criteria according to which the Government decides whether or not to provide assistance to industry. The reorganisation of the Treasury announced yesterday gives a particular topical significance to a point which emerged a few weeks ago from an inquiry by the Committee of Public Accounts into the provision of Government assistance to industry in special areas. Sentences from the published evidence were of the form “there is a cost per job criterion which is at present being operated at a figure of £xxx... there is a difference between a special development area where it runs at xx per cent, a development area, where it runs at xx per cent, and an intermediate area, where it runs at xx per cent.” My understanding is that preliminary discussions have taken place at around “xx” and so on. The figures were replaced by asterisks at the request of Civil Service witnesses, on the grounds that these were not “published figures.” It is very much in the general interest that such figures should be published, and the Chief Secretary's readiness to consider publication is therefore as welcome as it is overdue.

## The next steps on Clay Cross

THE GOVERNMENT'S defeat in the House of Commons on Monday night on the hotly contested question of the disqualification of the discredited Clay Cross councillors and the others who refused to apply the Conservative Housing Finance Act will please and, in a small way, reassure many people. The fact that two Labour MPs voted against the Government and 15 abstained in defence of the principle that the law as it stands must be obeyed shows that there are limits to the Government's ability to push cynical legislation through Parliament and the circumstances that the 11 Clay Cross councillors, for whom the Government's amnesty was originally intended, have now been disqualified for other offences not covered by the Bill does not necessarily undermine the satisfaction that will be felt at the vindication of the principle.

## Cross-bench

Nevertheless, the situation as it now stands is still uncertain and unsatisfactory in two important respects. The most immediate question is the position of the House of Lords—whether the Bill will return in October. Having voted overwhelmingly (and with much support from cross-bench and even Labour peers) for the three amendments which the Commons have just thrown out, as well as for the amendment which the Commons have now accepted, the Lords must now decide whether to persist and to carry out their opposition to the Constitutional limit. The arguments for them sticking to their guns are not to be underestimated.

The Government itself is clearly divided on the issue and the Minister responsible, Mr. Anthony Crosland, is clearly uneasy. The Parliamentary Labour Party, which voted on the subject at a meeting last week, is equally split and equally uneasy. A point of principle is involved, and if the Lords are never prepared to force the Government to employ the ultimate sanction of overriding their veto by the use of Parliament, and bad for the 1911 Parliament Act, respect for law.

A quarter of a century on, there is still no consensus on the role of State industry. By Colin Jones

## Stemming the £7.7bn. drain on the public purse

IT is now well over a quarter of a century since Britain's major nationalised industries were established. In that period the Exchequer has had to come to their rescue to the tune of £7.7bn. The detailed figures for each industry were provided by Mr. Joel Barnett, Chief Secretary to the Treasury, in a parliamentary answer last week. Up to the end of last March, more than £4bn. had had to be provided in revenue subsidies and other compensation payments, while more than £3bn. of capital debt and accumulated revenue deficits had had to be written off.

It is, of course, true that only part of these huge losses can be properly attributed to the mistaken investment decisions and other inefficiencies of the industries themselves. A sizeable part will have been caused by price restraint and by other kinds of ministerial interference (the history of which stretches back to their earliest days). Part—though by now a relatively minor part—will also have stemmed from the run-down condition of some of the businesses the industries inherited. The trouble is not so much that the blame has to be shared as the fact that, because of the way the industries are at present constituted and run, no one is in a position to be able to say just how the blame ought to be shared out.

## Fast-rising costs

The same point applies to the record losses which four of the major industries have reported in the last fortnight. Between them, the electricity supply industry in England and Wales, the Gas Corporation, the Post Office, and British Rail, which is now in a class of its own—by the end of the present financial year. One cannot yet count on this. Nearly all the major industries are coming up against increased price resistance; they are all to one degree or another vulnerable to the economic cycle; and their hopes of breaking out of the red are all critically dependent on the £6 limit holding and on the absence of major strikes. But whether they achieve the Chancellor's target by next spring or some time later, is perhaps less important than deciding the kind of financial and commercial regime they should operate under when they do.

One obvious possibility would be a return to the system of financial objectives, including target rates of return, which were being developed with some success in the 1960s. At first the nationalised industries were set an objective expressed as a specific average rate of return on assets over a period of five years or so. But this was too and of being taken over is bound to lead to some weakening of planning of capacity and new investment.

ing in financial discipline, however hard the senior management of these industries strive to prevent this happening. Even if the managerial and administrative inefficiencies are kept to a minimum, a prolonged period of under-pricing will inflate demand and result in some resource misallocation. These consequences will be compounded if, as is now happening, a lengthy period of artificial price restraint is followed by an attempt to return rapidly to commercial pricing, with its “whiplash” effect on the industry's investment and pricing goes at least part way to providing in the nationalised sector the kind of commercial and financial disciplines that operate over most of the private sector.

Third, and most crucially, any attempt to return to the 1967 guidelines would be a worthless gesture if Ministers on cash flow techniques with a common discount rate and to each side of the political divide tended to go on practising the kind of interference that they and their predecessors have exercised a degree of self-restraint which their successors have never demonstrated. Since 1945 Ministerial intervention has increased many times over, and its intensity has varied with different administrations, departments, and individual Ministers, with Whitehall's confidence (or lack thereof) in an industry's top management, and with the political fashion of the day. What is particularly pernicious is that so much is done informally, which means that it can often be hard to identify particular Ministerial actions. It is often impossible for Parliament to question them, and the nationalised Boards will often be saddled with the responsibility for actions which really originated elsewhere.

## WHAT THE NATIONALISED INDUSTRIES HAVE COST THE TAXPAYER

(up to March 31, 1975)

INDUSTRY	REVENUE SUBSIDIES (£m.)	WRITE-OFFS (£m.)	TOTAL (£m.)
National Coal Board	515.9	844.4	1,360.3
Electricity Council & Boards: England & Wales	571.8	—	571.8
Scotland	50.2	—	50.2
Gas	120.6	—	120.6
Steel	—	131.5	131.5
Post Office	440.2	177.4	617.6
British Airways	48.0	122.0	170.0
British Airports Authority	4.2	—	4.2
British Transport Commission	259.7	467.4	727.1
British Rail	2,010.5	1,451.1	3,461.6
London Transport	412.0	269.9	681.9
British Transport Docks Board	—	—	—
National Waterways Board	33.7	15.5	49.2
National Freight Corporation	42.7	—	42.7
National Bus Company	34.7	—	34.7
Scottish Transport Group	10.9	—	10.9
<b>TOTAL</b>	<b>4,184.3</b>	<b>3,519.3</b>	<b>7,703.6</b>

ward planning of capacity and new investment. This is not to decry Mr. Denis Healey's insistence on the early restoration of commercial pricing. With luck, he might achieve his aim of phasing out all revenue support—other than for British Rail, which is now in a class of its own—by the end of the present financial year. One cannot yet count on this. Nearly all the major industries are coming up against increased price resistance; they are all to one degree or another vulnerable to the economic cycle; and their hopes of breaking out of the red are all critically dependent on the £6 limit holding and on the absence of major strikes.

But whether they achieve the Chancellor's target by next spring or some time later, is perhaps less important than deciding the kind of financial and commercial regime they should operate under when they do. One obvious possibility would be a return to the system of financial objectives, including target rates of return, which were being developed with some success in the 1960s. At first the nationalised industries were set an objective expressed as a specific average rate of return on assets over a period of five years or so. But this was too and of being taken over is bound to lead to some weakening of planning of capacity and new investment.

Second, consideration sooner or later will have to be given to the devising of some system of checks and balances which be raised as a form of rationing. The idea of target rates of return was not abandoned. This was a decision which perhaps could be justified on the “belt and braces” principle, particularly if (as was rarely done) the assets were revalued in line with the present value of each industry's stream of potential earnings.

It would not be enough, however, to return to some updated version of this system. In the first place, the regime outlined in the 1967 White Paper would need to be underpinned by some clear definition of each industry's corporate objectives, which would need to be regularly updated. One can hunt the original nationalisation statutes in vain for such a statement yet, without clear objectives, investment decisions can be taken only in a policy vacuum. In particular, as the Commons Select Committee on the Nationalised Industries argued in its report on Ministerial Control in 1968, there would need to be a careful definition of any non-commercial or social obligations, and a clear statement made on how—and by whom—they were to be paid for.

Second, consideration sooner or later will have to be given to the devising of some system of checks and balances which

exercised a degree of self-restraint which their successors have never demonstrated. Since 1945 Ministerial intervention has increased many times over, and its intensity has varied with different administrations, departments, and individual Ministers, with Whitehall's confidence (or lack thereof) in an industry's top management, and with the political fashion of the day. What is particularly pernicious is that so much is done informally, which means that it can often be hard to identify particular Ministerial actions. It is often impossible for Parliament to question them, and the nationalised Boards will often be saddled with the responsibility for actions which really originated elsewhere.

This would not happen automatically. It would be necessary to build in some checks and balances. In the first place, the requirements which sponsoring Ministers now lay down informally would have to be embodied in some kind of formalised agreement. Here “planning agreements” might have a role to play. These agreements could incorporate the industry's corporate objectives, specify the non-commercial activities which it was required to undertake, and make clear how—and by whom—the cost of these activities would be paid. It would be useful if these “social obligation” payments were charged to the vote of the relevant Whitehall department (the cost of rural electricity supplies being debited, for example, to the Minister of Agriculture) and if, furthermore, the case for social obligations themselves were assessed on the basis of common criteria (cost-benefit?) by, say, the Treasury.

## Political football

One answer would be, of course, to denationalise the lot. But as a matter of practical politics let alone immediate commercial possibility, this is obviously out of the question. A Conservative denationalisation programme would be reversed as soon as the Labour Party next won power, and the last thing these industries need is to be turned into a political football.

It would be desirable, therefore to try to sustain a wide measure of bipartisanship—or at least middle-ground—support for whatever was done. The policy embodied in the 1967 guidelines did win bipartisan support and the restoration of these would be a start—but only a start. The next step—of replacing public corporation status with something else—this would be trickier. But the “BP solution” for the BSC which Lord Melchett tried to secure in 1970 did seem to offer a chance of developing the 1967 policy in a direction which had considerable merit in itself and was at the same time something which both major political parties could accept (and might have done then if the Conservatives had not been distracted by other ideas).

The “BP solution” for steel was put forward in an attempt to end the political argument over the industry's future. But its real merit lay in the idea of substituting the company form for public corporation status. The concept of a public company has, after all, been evolving for over 100 years, and is still being developed, whereas the public corporation is a relatively recent innovation whose fitness for purpose has been found somewhat wanting. In the holding company form, we have a form that could offer the managements of the State-owned industries a better insulation against the say.

The objective would be of “creeping de-politicisation” of these industries—and eventually perhaps, if one likes, creeping denationalisation. Either way, it would be better than the present kind of unformalised and undeclared WedgeBennery for which no one can find anything good to say.

## MEN AND MATTERS

## Lord's way

“I want to keep direct contact. I don't intend to be cut off from industry and the City. If people may have sometimes thought the Treasury was secluded in the past, it is now consistent policy to have closer contact with industry.” Thus Alan Lord, who takes charge of the Treasury's new creation, the Domestic Economy unit to handle industrial policies, nationalised and private, regional policy and agriculture, plus the monetary, taxation and counter-inflation divisions.

The message, then, for industry, should be a reassuring one to those who believe that, granted intervention, you may as well get it direct from the Treasury where it is more likely to be based on economic good sense than if filtered and interpreted by other arms of Whitehall. We shall see. But Lord certainly has had exposure to industry: at the Inland Revenue this career has mainly been (there) he was responsible for the Corporation Tax Green Paper and legislation of 1971-72, and at the Department for Industry where he has been for two years, there has been the Industry Bill with its White Paper.

Lord's remark that “It didn't matter what you got your first in then”—to explain how he read English literature and then social anthropology at Cambridge—might sound a piece of pure Treasury mandarinate. But his reputation is otherwise, and he is reversing a trend by being recalled to the Treasury to do a key job. Where he does fit in with what the Chancellor's staff like to think is his tradition is in his brilliance: he was Whitehall's youngest deputy secretary in his time, and at 46 he is now the youngest senior official on the Treasury team, though the head of it all, Sir Douglas Wess, is similarly precocious at 52.

## seen through the main problem

BOAC and BEA. Also, the rewards of nationalised industry may now seem small to someone who has gained international cachet as well as a knighthood from the job. He gets £15,400 as part-time chairman of our airline (he is, the only part-timer to run a major nationalised industry though it happens that BA's expected £10m. loss in the year to March on revenues of around £750m. is a better record than the ones run by full-timers).

Whether, whenever the job comes up again, British Airways will be left with this idiosyncrasy is intriguing. It was a BOAC tradition to have part-timers (Sir Gerard D'Erlanger, Sir Giles Guthrie, Sir Charles Hardie) but BEA went for executive heads (Lord Douglas of Kirtleside, Sir Anthony Milward, Henry Marking). Now as deputy chairman and managing director of BA, Marking would be the logical choice for a full-time chairman.

## Nicholson adding

British Airways and Rothmans International have something else in common beside “the pilots of one smoke the fags of the other.” They both go in for part-time chairmen, Sir David Nicholson at BA and Lord Pritchard at Rothmans. They are harder working non-executive chairmen than most, but they also hold multiple directorships elsewhere. Now Nicholson is to take over Pritchard's job, when Pritchard retires as chairman at 65 next month.

His going to Rothmans will strengthen the impression that Nicholson, abroad yesterday, may not push for an extension of his BA contract when his initial five-year stint finishes in October next year.

Why Nicholson is thought to be ready to leave the BA chair is a mixture of his personal inclination for problem-solving rather than administration—the name he made his name as a P-B Consulting Group company factor, and at British Airways he has

## company are unclear, but a

great deal of acrimony has undoubtedly set in. In a prepared statement, A. B. Morrall, Halstead's managing director, spoke of the Board having felt compelled to remove Mr. Nicholson from office as chairman and managing director in what they considered to be in the best interests of the company. He was voted out of office in April.

Nicholson has countered strongly, by bringing proceedings before an industrial tribunal alleging unfair dismissal and has also put forward a claim for damages. Both claims are being resisted by Halstead.

But to remove Nicholson finally, special notice is required from a shareholder. That, says Halstead, had been received by a resolution from “a shareholder” to remove Nicholson at an extraordinary meeting, the date of which has now been set at September. The shareholder has now emerged as Geoffrey Halstead, a director of the company.

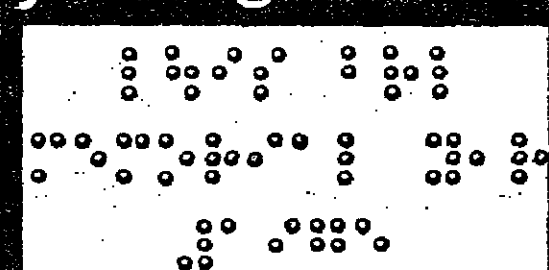
Meanwhile, life at Halstead's Boardroom has clearly had its tense moments. Since the April reshuffle there have been a number of Board meetings, “some of which he (Nicholson) has attended, some not.”

## Reconsidered

Someone has been having second thoughts at publisher Dent's Jossey-Bass books department. Its list of recent titles includes *Four Stages of Life*, “previously announced as *Prelude to Change*”; *Behind the Front Page*, previously *Conditions for Effective Newspaper Organisation and Credibility*; and *Misunderstandings of the Self*, previously *Psychotherapy and the Misconception Hypothesis*.

The precise reasons for the row which has blown up at the

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Observer







# COMPANY NEWS + COMMENT

## Hogg Robinson up 28%: scrip issue

THE MATERIAL increase in profit forecast by Hogg Robinson Group turns out to be 28 per cent. — from £2.6m. to £4.68m. for the year to March 31, 1975, after £1.45m. against £0.71m. for the last half.

Stated earnings per 25p share advanced from 11.92p to 15.07p. A final dividend of 1.69p raises the net total from £3.61p to £4.06p, and a one-for-four scrip issue is proposed.

The chairman, Mr. Perkins, reports that income from insurance broking at home and overseas increased by 25 per cent. Income from underwriting commission and fees was slightly down. Shipping, forwarding and travel showed a turnover from a loss to a profit of £226,000.

Profits, before tax, have risen in two years from £2.32m. During this period profits from U.K. operations rose by 104 per cent. and from overseas operations by 97 per cent.

The year's profit is subject to extraordinary debits of £458,000 including new pension benefits for former employees and their dependants £125,000; loss on disposal of subsidiaries £166,000; and writing down to market value of certain quoted investments £123,000.

U.K. insurance broking: 1974-75 1973-74 1972-73  
Gross sales 2,795 2,500 2,400  
Underwriting etc 1,265 1,264 1,264  
Invest. income etc 1,430 1,236 1,136  
Total 4,490 4,000 3,740  
Less: Expenses 2,530 2,300 2,100  
Balance 1,960 1,700 1,640  
Shareholders' share 1,960 1,700 1,640  
Share after tax 1,860 1,600 1,540  
Profit before tax 1,860 1,600 1,540  
Tax 151 147 147  
Minority 151 147 147  
Extraordinary debits 458 458 458  
Available 1,308 1,255 1,295  
Dividend 740 740 740  
Retained 568 515 555  
Loss in lieu of interest 1,191,425 1,191,425 1,191,425

comment

Hogg Robinson is 28 per cent. ahead pre-tax. Over a third of the upturn stems from a return to profits in travel and the rest reflects the strong growth—25 per cent. both at home and overseas—in broking. The underwriting side has disappointed with a fall from 11.92p to not quite 8 per cent. of the total. But this year the returns from Lloyd's are going to deteriorate further. At the same time investment income is clearly not going to prove so strong in 1975-76. Hogg's broking operations will need to run that much faster to keep the group moving forward this year. Meanwhile, the yield at 12.2p is 5 per cent. and roughly in line with the average for the sector.

Statement, Page 16

## Phillips Patents not optimistic

FROM WHAT we have already seen of the present year, it is not difficult to forecast an even harder time ahead, says Mr. J. Rowland-Jones, chairman of Phillips Patents (Holdings). Steps taken to improve profitability, though successful, have been dissipated by general trading conditions, but "I suppose we can take consolation from the fact that we are still standing on our own feet," he tells members. At Kenilworth Components (which supplies the case industry) the order position has improved and the order book has been reduced, but the company has not yet regained its position of making a profit. On the development side the directors are not proceeding with

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## MATTHEWS

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Food based group in the United Kingdom and Europe with interests in meat, licensed premises and property.

The Directors consider the profits satisfactory against the background of the present uncertain and difficult trading and economic conditions.

The meat processing factories have had a very good six months. The move to a new food factory at Thamesmead will involve terminal losses at the existing meat processing factories and non-recurring losses at Thamesmead until the new factory becomes fully operational. Significant benefits from this large-scale rationalisation programme should begin to accrue in 1976.

The retail meat sales of Boucheries Bernard in Paris, mainly due to the slower than anticipated start to our two new stores, have not, as yet, come up to full expectations. The French meat retailing side has suffered from higher wholesale meat prices and an escalation in costs particularly wages, resulting in narrower profit margins. Trading conditions in the second half of the year have improved.

The Directors announce an interim dividend of 1.100 pence which, together with a tax credit of 0.592 pence, makes a total of 1.692 pence per share compared with 1.500 pence.

	Six months ended 30 April	Year ended 30th Sept.
	1975	1974
SALES OUTSIDE GROUP	£'000s	£'000s
Profit before taxation	48,655	42,336
Less: Corporation tax based on profits	1,176	1,151
Profit after taxation	47,479	41,185
Less: Exceptional Loss (1974 year profit)	411	338
Dividends paid and payable	—	—
Preference paid and accrued of 2.45% (4.9% for the full year)	—	—
Ordinary—proposed interim	144	144
1.100 pence per share (1974 paid 1.005 pence per share for half year and 2.376 pence per share for full year)	153	153
Profits retained	46,922	40,698
Earnings per share	3.25p	2.95p

In accordance with the recommendations of the Institute of Chartered Accountants, the U.K. Corporation tax includes for the first time deferred tax for the relevant periods. Earnings per share have been re-calculated accordingly.

The dividends for 1974 take into account shareholders who elected to take shares in lieu of cash.

## INDEX TO COMPANY HIGHLIGHTS

Company	Page	Col.	Company	Page	Col.
Adams & Gibbon	14	3	Maybrook Props.	14	4
Australian Iron Ore	15	4	N. Sea Oil Merger	15	3
A.V.P. Industries	14	4	Pentland Invest.	14	6
Botswana-RST	15	5	Phillips Patents	14	1
Bromsgrove Casting	14	8	Priest (Benjamin)	14	3
Hellenic & General	14	4	Sutcliffe Speakman	15	3
Hogg Robinson	14	1	Tex Abrasives	14	5
ICI in Germany	15	4	Triplex Foundries	14	7
Initial Services	15	1	Unitech	14	2
Jackson (Wm.)	15	3	Westinghouse Brake	14	7
Madame Tussaud's	14	6	Wintrust	14	8

## Record £1m. by B. Priest

TURNOVER for the year to March 28, 1975, of Benjamin Priest and Sons (Holdings) increased from £6.1m. to £8.0m., and pre-tax profit expanded from £0.1m. to a record £1m. after £0.44m. against £0.24m. for the last half.

Explaining the dividend decision, Mr. Rowland-Jones says "shareholders have to live but the company wishes to retain as much cash as possible. So three directors—himself, Mr. N. Peake and Mr. T. Port—have waived their entitlement on £0.09m. shares, a saving of £30,917.

At March 31, 1975, the movement in net liquid funds shows an increase of £18,400 (£288,300) in bank overdrafts.

Meeting, Manchester, August 28 at noon.

## Acquisition boosts Unitech

THE IMPROVEMENT in pre-tax profits for the year to May 31, 1975 foreseen by the directors of Unitech at mid-year—when an advance from £502,000 to £800,000 was reported—turns out to be from £1,311m. to £1,348m.

Of the £25,000 increase, £187,000 was attributed to the consolidation of the 55 per cent. interest in Appliances Components, purchased during the year. Sales of ACL, which amounted to £578,000 were also included for the first time.

Earnings per 10p share are shown to have risen from 8.0p to 10.0p and the dividend is lifted from 3.75p to 6.00p net with a final payment of 3.75p.

comment

The consolidation of Unitech's interest in ACL has accounted for nearly three-quarters of the group's 20 per cent. increase in pre-tax profits. The outlook for the current year is for another marginal improvement. Profits on electronic component marketing, about 44 per cent. of the total, have fallen in both relative and absolute terms, although this also includes start-up losses in France and a much reduced German contribution. Price cutting in semi-conductors will affect only 25 per cent. of the one half of marketing activity concerned with distribution, and, with an improvement overseas, an overall advance is anticipated for the year. On the manufacturing front, Dutch and German contracts for colour TV have been particularly disappointing due to the consequences of the energy crisis, nevertheless they are very satisfactory with trading so far remained unchanged on the year at £200,000 as stocks were brought in line with a lower level of trading. Ahead of an upturn in industrial electronics demand, the yield at 9.0p is 10.7 per cent. covered 1.55 times.

comment

The interim dividend is held at 0.875p net per 25p share. Last year's total was 3.3p.

The directors say that with the record half-year level of earnings already achieved, they are confident the outcome of the year's trading will prove to be satisfactory. The directors say that with the record half-year level of earnings already achieved, they are confident the outcome of the year's trading will prove to be satisfactory.

They add that although last year's first half was particularly disappointing due to the consequences of the energy crisis, nevertheless they are very satisfied with trading so far remained unchanged on the year at £200,000 as stocks were brought in line with a lower level of trading. Ahead of an upturn in industrial electronics demand, the yield at 9.0p is 10.7 per cent. covered 1.55 times.

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to considerably improved sales from the Bedford commercial vehicle franchisees benefited from a much improved delivery situation and the ICI petrol marketing operations enjoyed "very profitable" six months trading.

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Mr. L. E. Thompson, chairman of Westinghouse Brake.

## DIVIDENDS ANNOUNCED

Company	Current payment	Date of payment	Corresponding payment	Total last year
Accra Securities	5.53	Oct. 31	4.02	5.53
Adams & Gibbon	0.88	Sept. 24	0.88	0.88
A.V.P. Industries	1.07	Oct. 2	0.98	2.41
Bromsgrove Casting	2.28	—	2.22	2.22
George Phenomenal	1.0	—	0.94	0.94
Gold and Base Metal Mines	0.9	Sept. 22	0.42	0.42
Hellenic and General Int.	0.67	Oct. 4	2.5	4.04
Hogg Robinson	1.69	Sept. 22	3.89	3.89
Madame Tussaud's	3.94	Oct. 6	0.26	—
Maybrook Props.	2.22	Sept. 17	2.22	2.22
Midland Trust	1.61	Sept. 15	2.52	3.61
Benjamin Priest	2.77	Oct. 1	3.62	6.08
Westinghouse Brake	0.88	Oct. 3	0.83	—

Dividends shown per share net except where otherwise stated.

\*Equivalent after allowing for scrip issues. (a) Maximum permitted total is forecast.

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# Initial Services sees overseas lift

ALTHOUGH INITIAL SERVICES is a small company, its overseas business is growing rapidly. The company, which is a subsidiary of the Overseas Chinese Banking Corporation, has reported a 100 per cent increase in its overseas business for the first half of 1975.

Mr. Carling, who is in charge of the company's overseas operations, said that the company's overseas business is growing rapidly. He said that the company's overseas business is growing rapidly. He said that the company's overseas business is growing rapidly.

The company's overseas business is growing rapidly. The company's overseas business is growing rapidly. The company's overseas business is growing rapidly.

At July 15, British Electric is proposing to repay its 8 per cent.

## RECENT ISSUES

Issue Price	High	Low	Stock	Issue Price	High	Low	Stock
1100	1100	1100	1100	1100	1100	1100	1100
1100	1100	1100	1100	1100	1100	1100	1100

## FIXED INTEREST STOCKS

Issue Price	High	Low	Stock	Issue Price	High	Low	Stock
1100	1100	1100	1100	1100	1100	1100	1100
1100	1100	1100	1100	1100	1100	1100	1100

## "RIGHTS" OFFERS

Issue Price	High	Low	Stock	Issue Price	High	Low	Stock
1100	1100	1100	1100	1100	1100	1100	1100
1100	1100	1100	1100	1100	1100	1100	1100

Announcements are usually last day for dealing time of stamp duty. Price to public. Figures based on prospectus estimate. Dividend rate paid or payable on part capital, covered based on full capital. Pence unless otherwise indicated. Cover allows for conversion of shares not now raising for dividend or making only for restricted dividends. Issued by tender. Offered to holders of ordinary shares in the company. Issued by tender. Offered to holders of ordinary shares in the company. Issued by tender. Offered to holders of ordinary shares in the company.

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## MINING NEWS

# Hancock has high new iron ore hopes

BY LESLIE PARKER, MINING EDITOR

IN THE LONG, drawn-out battle for the Hancock iron ore mine, the company has now won a major victory. The mine, which has been the subject of a long and drawn-out legal battle, has now been awarded to Hancock Iron Ore Pty Ltd. The company, which is a subsidiary of the Australian Iron and Steel Co. Ltd., has now won a major victory in the long and drawn-out legal battle for the mine.

The mine, which has been the subject of a long and drawn-out legal battle, has now been awarded to Hancock Iron Ore Pty Ltd. The company, which is a subsidiary of the Australian Iron and Steel Co. Ltd., has now won a major victory in the long and drawn-out legal battle for the mine.

The mine, which has been the subject of a long and drawn-out legal battle, has now been awarded to Hancock Iron Ore Pty Ltd. The company, which is a subsidiary of the Australian Iron and Steel Co. Ltd., has now won a major victory in the long and drawn-out legal battle for the mine.

## Sutcliffe Speakman order peak

THE ANNUAL MEETING of Sutcliffe Speakman was held at the company's headquarters in London. The company, which is a subsidiary of the British Iron and Steel Co. Ltd., has now won a major victory in the long and drawn-out legal battle for the mine.

## Wm Jackson earns and pays more

PRE-TAX profit of William Jackson and Son shows a 250,411 increase to £1,288,000 for the year to April 26, 1975. The company, which is a subsidiary of the British Iron and Steel Co. Ltd., has now won a major victory in the long and drawn-out legal battle for the mine.

## SHARE STAKES

Thos. Barlow (Holdings) now holds 4,100,355 Ordinary (15.8 per cent) in Wadsworth Strang. The company, which is a subsidiary of the British Iron and Steel Co. Ltd., has now won a major victory in the long and drawn-out legal battle for the mine.

## BIDS AND DEALS

Terms have now been disclosed for the previously foreshadowed merger, which has been completed. The company, which is a subsidiary of the British Iron and Steel Co. Ltd., has now won a major victory in the long and drawn-out legal battle for the mine.

## North Sea oil merger

Terms have now been disclosed for the previously foreshadowed merger, which has been completed. The company, which is a subsidiary of the British Iron and Steel Co. Ltd., has now won a major victory in the long and drawn-out legal battle for the mine.

## Production aims

He reckoned that both the Prime Minister Mr. Whitlam and the Minister for Minerals and Energy Mr. Connor had given considerable support during the Japanese negotiations. The company, which is a subsidiary of the British Iron and Steel Co. Ltd., has now won a major victory in the long and drawn-out legal battle for the mine.

## NEW PROCESS FOR IMPALA

An agreement has been signed between the Union Corporation and South Africa's National Institute. The company, which is a subsidiary of the British Iron and Steel Co. Ltd., has now won a major victory in the long and drawn-out legal battle for the mine.

## SUN AND SHOWER FOR GT. BOULDER

Matching the change in London's weather yesterday comes news of sunshine and showers from the Western Australian state of Western Australia. The company, which is a subsidiary of the British Iron and Steel Co. Ltd., has now won a major victory in the long and drawn-out legal battle for the mine.

## BID FOR PUNDALOYA

Shares in Pundaloys Holdings, the tea company controlled by J. S. Herbert and Eastern Produce Holdings with estates in Sri Lanka, rose 4p to 16p yesterday on news of bid of 12 1/2p per share. The company, which is a subsidiary of the British Iron and Steel Co. Ltd., has now won a major victory in the long and drawn-out legal battle for the mine.

## Botswana RST struggles on

THE trouble-torn Selebi-Pikwe copper and nickel operation of Botswana RST, which started production early last year, is still losing money and little hope is held out for any major improvement in the near future. The company, which is a subsidiary of the British Iron and Steel Co. Ltd., has now won a major victory in the long and drawn-out legal battle for the mine.

## ROUND-UP

Canada's Falconbridge Nickel is still endeavouring to solve the tax problem which caused its half-year results to be based on two assumptions as detailed here on June 5. The company, which is a subsidiary of the British Iron and Steel Co. Ltd., has now won a major victory in the long and drawn-out legal battle for the mine.

## LIABILITIES

Liabilities to banks, payable for periods up to 30 days. The company, which is a subsidiary of the British Iron and Steel Co. Ltd., has now won a major victory in the long and drawn-out legal battle for the mine.

## ASSETS

Current assets. The company, which is a subsidiary of the British Iron and Steel Co. Ltd., has now won a major victory in the long and drawn-out legal battle for the mine.

# THE PENTLAND INVESTMENT TRUST LIMITED

Six Months to 30th June, 1975

	1975	1974
1. Gross Income	£513,893	£255,565
2. Net Revenue after all charges including taxation	264,091	261,724
3. Taxation charged in arriving at Net Revenue		
(a) Overseas Taxation	13,434	14,686
(b) Corporation Tax	51,420	15,542
(c) Imputed tax on Franked Investment Income	104,943	106,338
4. Cost of Dividends (Net)		
(a) Preference	17,804	17,804
(b) Ordinary	152,622	152,622
5. Rate of Dividend on Ordinary Shares Interim (paid 1st August)	0.87500p	0.87500p
Imputed Tax	0.47115	0.43097
1.34615p (gross)		1.30597p (gross)
6. Net Asset value per Ordinary 25p share at 30th June including whole of dollar premium of	105.4p	79.6p
	23.1p (71 1/2%)	10.0p (35 1/2%)

Notes:  
1. The Net Asset value has been calculated after allowing for the Interim Dividend and deducting prior charges at par.  
2. No provision has been made for tax on Capital Gains in calculating these figures.  
3. On 8th July 1975 the Back-to-Back Loan \$1,250,000/£520,000 was repaid.  
East of Scotland Investment Managers Ltd.,  
3 Albany Place, Edinburgh EH2 4NQ.

# LEIGH INTERESTS LIMITED

	1975	1974
Year ended 31st March		
Group Turnover	£8,225,783	£5,885,921
Group Profit before Tax	326,433	304,436
Profit after Tax	145,914	138,536
Dividend (pence per share)	8.2655p	7.5425p
(Maximum dividend)		
*Included exceptional item £65,430		

Salient points from the Report of Mrs. J. Agar, the Chairman.

- \* Both the Building and Motor Vehicle trades have moved rapidly from the difficulty of obtaining supplies to the problem of selective buying so as not to threaten cash flow by excessive stocks.
- \* The subsidiaries Leonard Leigh and Charles F. Higgins & Hall have done well but the results of the Builders Merchants side of the group were affected by the re-organisation of Hockley Heath Building Supplies which is expected to contribute to the profits during the current year.
- \* To strengthen the Waste Disposal business, two additional companies have been acquired during the year—W. R. Fleetwood Limited, an old established Haulage and Waste Disposal company and Wood Brothers (Short Heath) Limited, a Haulage company which for some time has worked exclusively for Effluent Disposal. Polymeric Treatments came "on stream" during the year, and as the demand for the disposal of waste by the "Sealosa" process is increasing rapidly, this company should soon become profitable.
- \* With regard to the current year, Waste Disposal has to go on, and with our unique facilities one can foresee continuing expansion.

Every indication of a most satisfactory start to the current year.

DISPOSAL, TREATMENT AND RECOVERY OF WASTE AND EFFLUENT MATERIALS  
BUILDERS' MERCHANTS, QUARRIES AND FUEL CONTRACTORS  
MOTOR VEHICLE DEALERSHIP

For copies of the Report and Accounts please write to the Secretary, Wharf Street, BIRMINGHAM B15 5HY.

HYPOTHEK BANK		Société Anonyme LUXEMBOURG	
Balance sheet as at 31 December 1974			
ASSETS		LIABILITIES	
	Francs		Francs
CURRENT ASSETS		CURRENT LIABILITIES	
Liquid assets		Liabilities to banks, payable for periods up to 30 days	4,818,446.42
Cash	23,288	Liabilities to banks for agreed periods of more than 30 days	10,656,680.785
Balances with banks, payable for periods up to 30 days	2,311,588.545	Deposits and current accounts payable on demand or for agreed periods up to 30 days for agreed periods	280,315.312
Balances with banks for agreed periods of more than 30 days	4,052,103.327		462,054.566
Balances with non-banking finance establishments	18,087.500		
Bills discounted	1,675,760.992	Sundry creditors	447.197
Other advances		Miscellaneous	377,069.962
secured	4,654,814.932	Trust accounts	17,374.238
unsecured	2,120,512.519	CAPITAL AND RESERVES	
Securities		Capital	600,000.000
foreign state and municipal securities	490,113.018	less uncalled	
other interest-bearing securities	1,475,137.836	Capital, paid up	600,000.000
Miscellaneous	353,356.253	Statutory reserves	60,000.000
Trust accounts	17,374.238	Voluntary reserves	10,000.000
FIXED ASSETS		Provisions for contingencies and depreciation	245,230.592
Participations	387,203.376	PROFIT AND LOSS ACCOUNT	
Real estate	12,461,410	Balance brought forward	1,362,687
less depreciation	58,522	Profit for the financial year	41,382.519
= net book amount	12,402,888		42,745.126
Furniture and equipment	1,885,508		
	17,570,364.220		17,570,364.220
		CONTINGENT ACCOUNTS	
		Commitments	1,127,573.484
		Guarantees on behalf of third parties	5,561,000
			1,133,134.484

The bank is a wholly owned subsidiary of

BAYERISCHE HYPOTHEKEN-UND WECHSEL-BANK, MUNICH  
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Britain's hot weather spell should mean good sales for one French product. But it has its problems. Kenneth Gooding reports

# The 'social embarrassment' of asking for bottled water

FOR MOST people in Britain the fact that there is any market at all for bottled water probably comes as something of a surprise. The British have traditionally assumed that their tap water is always pure even if the taste is sometimes peculiar. That attitude, however, changed a little after the prolonged strike of sewage workers in 1970 when some tap water turned green—as did the faces of those who read headlines like "Do you drink your neighbour's bath-water?" That thought certainly made some people less complacent. Sales of bottled water began to sparkle.

About the same time there was also a growing interest in so-called health foods and this also was beneficial to bottled water sales which grew at an annual rate of 20 per cent in volume terms until 1974. However, various factors last year slowed the rate of progress to a trickle, a mere two to three per cent. The problem was that the restaurant and hotel trade, which is responsible for the sale of most bottle water in the U.K., had a bad year. The first three months' period was marred by restrictions on heating and lighting at the time of the miners' dispute. This was followed by a poor summer, both for weather and for tourism. By the end of the year the oil price rises had begun to hurt so much that people again started to cut down on the luxury of regularly eating out, and as the economy slipped into recession expense accounts were

pruned by many companies, adding further to a drop in demand for bottled water. Prospects look no brighter for the restaurant business this year, but the U.K. importers of bottled waters still feel that the market will closely follow the general economy, showing a low growth for at least a couple of years until, hopefully, Britain's economy improves. Thus sales could rise again in volume terms by perhaps only 5 per cent. During the next two years. This could be embarrassing for some of the newcomers to the business, attracted by the previous fast growth of the market.

## Casualty

There has already been one apparent casualty. R. White, the Whitbread subsidiary, in 1972 took over the U.K. agency for Evian, one of the best-selling bottled waters in France. White wanted to split its water operations into two phases—first selling Evian as a "mixer" in pubs with the theme "It allows the flavour of your drink to come through," and then through the health-food outlets. As with Malvern water (distributed by the Schweppes Drinks part of the Cadbury Schweppes group) Evian was meant to be given away by publicans, but by all accounts licencees did not take too kindly to the idea. The Evian agency is now back where it started—with another Cadbury Schweppes offshoot, Schweppes

Agencies, a concern which, apart from handling bottled waters, also has a big specialised foods business. The boom period also saw Volvic, number four in France's water league, introduced to Britain, this time by the Inver House company which is part of Publicker Industries in America. Then last year Allied Breweries, which describes itself as "Europe's biggest drinks business," took over the British agency for Apollinaris, a bottled water owned by another brewing group, Dortmunder Union of West Germany.

Apollinaris, nicknamed "Polly" by the British, was added to the portfolio of Allied's Britvic Minister subsidiary which is a relative newcomer to the market for soft drinks "mixers" like tonics, bitter lemon and dry ginger. The addition of a well-known bottled water brand gave Britvic Minister's list a little additional lift. Mr. George Inman, deputy chairman of the company, says that sales of "Polly" are ahead of budget and "we are terribly happy with progress so far."

as high as the £1 a time charged by some of London's top-price restaurants and clubs.

## Market

It is the modest size of the market which led a research organisation to remark: "The market in the U.K. is too small to provide any significant commercial scope in the foreseeable future. There may be a worthwhile market, however, in five to ten years' time: this would be more likely in clean water as a health drink." The same researchers provided a profile of the average British drinker of bottled water: He is from the AB socio-economic groups, aged over 35 and living in London or the South East.

"He is likely to regard himself as essentially European—responding in an open-minded way to influences and experiences encountered in Continental business and holiday travel." But he rarely uses bottled water as a mixer with spirits or wine. More important to him is water's role as an accompaniment to rich meals and as a refreshing summer drink in its own right. Even for regular users, however, bottled water is not "a high interest area." Awareness of competitive brands is understandably limited and brand election owes more to availability than to loyalty. Factors such as the purity of bottled water and the health benefits claimed for it are not significant in the U.K.

Such aspects are felt to be of concern "only to cranks and foreigners," according to the researchers. People who do not discount any sort of health benefit and regard the normal price as being exorbitantly high for "just water." In addition the researchers found "evidence of real social embarrassment among people asking for a Continental bottled water."

All this shows just how big the problem is for those importers who aim to sell bottled waters to the British. The biggest fish in this particular pond is Schweppes Agencies which, until the post-1970 boom, accounted for about 80 per cent of the market. Now this has come down to some 70 per cent of a bigger market.

## Simplicity

Agencies tackled the problem of selling bottled water by asking hoteliers and restaurateurs: "Why give water away when you can sell it?" This campaign has the sheer simplicity which is a feature of most great selling campaigns. Mr. Ian Wordsworth, marketing director of Agencies, maintains that by adding a bottled water to its wine list an establishment is bound to sell some. Like the market researchers, he stresses that it is highly unlikely that the customer will drink water instead of wine and the deprive the caterer of his profit on the wine. Although most bottled water

is sold through outlets which provide cooked food, serious attempts are being made in the U.K. at the moment to open up the grocery trade. Heading the contenders here is Aqualac Alimentaire, a subsidiary of the giant Perrier food and drinks group of France. Set up in the first place to sell French dairy products into Britain, AA also has the job of promoting Perrier, one of the most famous of bottled waters, to the grocery chains here.

It has had considerable success in getting the water onto the shelves, usually the most important part of the battle. By widening the market in this way AA has provided bottled water with a bigger base from which to take off when the U.K. economy does start to look less sluggish.

In the take-home trade, as with many other products, pricing is extremely important. Margins of profit accepted by the water importers must therefore be lowered in this part of the business. The aim seems to be for a 14 litre plastic bottle of water to sell for around 30p. Most bottled waters sold in the U.K. come in from France and the devaluation of the pound against the French franc has not helped prices. They went up in April and will probably go up again very soon so that by the end of the year around 25 per cent. will have been added to prices. Unlike most products practically the whole of the cost of a bottled

water is accounted for by the margins of profit being eroded in spite of increases in volume of sales. Consequently advertising budgets have been trimmed and other cost-cutting exercises are in evidence. Not that in the U.K. there has ever been much room for above-the-line promotion of bottled water although Schweppes did run a short Southern Television campaign for Perrier a year or so ago.

All things considered, it will take a long time before Britain gets anywhere near her Continental European partners in bottled water consumption. Water has always been fairly big business in Europe. There are an estimated 400 commercial springs in Italy alone while France is said to have as many different bottled waters as she has cheeses. Many of these water businesses are part of large food combines—Perrier being just one example (its turnover in food and water is equivalent to £250m. a year) while Evian is part of the BSN-Gervais-Danone group of France.

Some of the Continental water businesses are currently going through a bad patch on the profits front. The plastic bottle, pioneered by Vitell in 1969 in France, was copied with flattering alacrity by its rivals. This rebounded in two ways. First the consumer organisations claimed that the plastic damaged the delicate chemistry of the water while at the same time the anti-pollution lobby complained about the non-returnable, non-degradable bottles. Then came the oil crisis which sent the cost of plastic, produced as it is from an oil base, soaring. The Continental water concerns are therefore seeing

## Habit

What is certain is that the Continental European will go on drinking bottled water in vast quantities but it will take a considerable change in attitude by the British before they catch the habit. In France and Germany, for example, people eat and drink things which they believe will keep them healthy—and bottled waters come into this category. The British, however, are in the main only interested in their health when they become ill. Finally, it must be said that the recovery in tourism this year will do much to give the bottled water market in the U.K. a boost. Continental travel will produce some more British converts. More important for the time being is that more tourists are visiting Britain.

In the words of Mr. Ian Wordsworth: "For every bottle of water sold to an Englishman I reckon there is another bottle sold to a visitor from overseas."

## HOGG ROBINSON

INTERNATIONAL  
INSURANCE BROKERS,  
UNDERWRITING AGENTS,  
TRAVEL AND  
FREIGHT AGENTS

### Earnings per share up from 11.9p to 15.07p

Preliminary results year ending 31st March	1975 £000	1974 £000
Income		
Brokerage, fees & commission:		
Insurance—United Kingdom	7,983	6,340
Overseas	2,925	2,384
Underwriting Commission & fees	1,045	1,254
Investment income and profit on sales	1,410	1,029
	13,363	11,007
Expenses	9,126	7,307
	4,237	3,700
Profit from Shipping, Forwarding and Travel	226	(188)
Share of Profits of Associated Companies	220	131
Profit before taxation	4,683	3,643
Taxation	2,129	1,644
Minority Interests	181	147
Profit after taxation and minority interests	2,373	1,852
Extraordinary Items	(458)	467
Available to Shareholders	1,915	2,319
Dividend (paid in cash)	499	574
Balance retained	1,416	1,745
Earnings per share	15.07p	11.92p

\* 191,428 shares were issued in lieu of interim dividend, saving £139,000 in cash distribution.

The recommended final dividend is 1.69 pence per share, making a total of 4.035 pence per share, equivalent to 6.1 pence per share (5.4093p last year) with the associated tax credit available to shareholders resident in the United Kingdom.

The extraordinary items, net of tax where appropriate, include new pension benefits purchased for former employees and their dependants (£125,000); loss on disposal of subsidiary companies (£166,000); and writing down to market value of certain quoted investments (£123,000).

The Chairman, Mr. Francis Perkins, said that income from insurance broking at home and overseas had increased 25 per cent; income from underwriting commission and fees was slightly down. Shipping, forwarding and travel showed a marked turnaround from a loss last year to a profit of £226,000.

Profits before tax have risen in two years from £2.32 million to £4.68 million. During this period profits from United Kingdom operations rose by 104 per cent, and from overseas operations by 97 per cent.

A scrip issue of 1 ordinary share for every 4 ordinary shares held is proposed.

The full Report and Accounts and Chairman's Statement will be posted to Shareholders on 8th September 1975. The final dividend, if approved, will be paid 17th October, 1975 to Shareholders on the books of the Company at the close of business on the 8th September, 1975.

HOGG ROBINSON GROUP LIMITED

## Base Rate change

Barclays Bank International Limited announces that with effect from the close of business on 5th August 1975 its Base Rate was increased from 9½% to 10% per annum.

The basic interest rate for deposits was increased by ¼% from 6¼% to 6½% per annum.



\$575,000,000 Euro-dollar term loan

## Bank Indonesia

for and on behalf of

## Republic of Indonesia

as borrower

\$425,000,000 managed by

MORGAN GUARANTY TRUST COMPANY OF NEW YORK

ALGEMENE BANK NEDERLAND N.V. AMEX INTERNATIONAL LIMITED BANK OF AMERICA N.T. & S.A. BANQUE NATIONALE DE PARIS  
CHASE MANHATTAN LIMITED CREDIT COMMERCIAL DE FRANCE CITICORP INTERNATIONAL BANK LIMITED COMPAGNIE FINANCIERE DE LA DEUTSCHE BANK AG  
FIRST CHICAGO LIMITED MANUFACTURERS HANOVER LIMITED TORONTO DOMINION BANK

and provided by

ALGEMENE BANK NEDERLAND N.V. AMERICAN EXPRESS INTERNATIONAL BANKING CORPORATION BANK OF AMERICA N.T. & S.A.  
BANQUE NATIONALE DE PARIS THE CHASE MANHATTAN BANK, N.A. CREDIT COMMERCIAL DE FRANCE COMPAGNIE FINANCIERE DE LA DEUTSCHE BANK AG  
THE FIRST NATIONAL BANK OF CHICAGO FIRST NATIONAL CITY BANK MANUFACTURERS HANOVER TRUST COMPANY  
MORGAN GUARANTY TRUST COMPANY OF NEW YORK TORONTO DOMINION INVESTMENTS (H.K.) LIMITED

THE BANK OF NOVA SCOTIA THE COMMERCIAL BANK OF AUSTRALIA LIMITED COMMERZBANK AG  
IRVING TRUST COMPANY MARINE MIDLAND BANK NEW YORK REPUBLIC NATIONAL BANK OF DALLAS

AMSTERDAM-ROTTERDAM BANK N.V. ASIA PACIFIC CAPITAL CORPORATION LIMITED THE BANK OF NEW YORK  
CANADIAN IMPERIAL BANK OF COMMERCE THE CITIZENS AND SOUTHERN NATIONAL BANK COMMERCE UNION BANK CREDIT SUISSE  
EUROPEAN ASIAN BANK FIRST NATIONAL BANK IN DALLAS FIRST PENNSYLVANIA BANK N.A.  
LLOYDS BANK INTERNATIONAL LIMITED THE ROYAL BANK OF CANADA INTERNATIONAL LIMITED UNION BANK, CALIFORNIA  
THE FIRST NATIONAL BANK OF BOSTON NATIONAL BANK OF NORTH AMERICA ALLIED BANK INTERNATIONAL  
AMERICAN SECURITY AND TRUST COMPANY BANQUE PARISIENNE D'ALGERIE (BEC) BANQUE EUROPEENNE DE CREDIT (BEC)  
CITY NATIONAL BANK OF DETROIT COMMONWEALTH TRADING BANK OF AUSTRALIA NV DE INDONESISCHE OVERZEESE BANK  
LONDON MULTINATIONAL BANK LIMITED THE NATIONAL BANK OF AUSTRALASIA LIMITED NEDERLANDSCHE MIDDENSTANDSBANK N.V.  
OVERSEA-CHINESE BANKING CORPORATION LIMITED REPUBLIC NATIONAL BANK OF NEW YORK (INTERNATIONAL) LIMITED  
SEATTLE-FIRST NATIONAL BANK UBAF LIMITED WORLD BANKING CORPORATION LIMITED

Morgan Guaranty Trust Company of New York, Agent

\$150,000,000 managed by

THE BANK OF TOKYO, LTD.

THE FUJII BANK, LIMITED THE INDUSTRIAL BANK OF JAPAN, LIMITED THE MITSUBISHI BANK, LIMITED THE SUMITOMO BANK, LIMITED

and provided by

THE BANK OF TOKYO, LTD.

THE FUJII BANK, LIMITED THE INDUSTRIAL BANK OF JAPAN, LIMITED THE MITSUBISHI BANK, LIMITED THE SUMITOMO BANK, LIMITED  
THE DAI-ICHI KANGYO BANK, LIMITED THE DAIWA BANK, LIMITED THE LONG-TERM CREDIT BANK OF JAPAN, LIMITED THE MITSUI BANK, LIMITED  
THE SANWA BANK, LIMITED THE TOKAI BANK, LIMITED THE HOKKAIDO TAKUSHO-KU BANK, LIMITED THE KYOWA BANK, LIMITED  
THE NIPPON FUDOSAN BANK, LIMITED THE SAIYAMA BANK, LTD. THE TAIYO KOBAN BANK, LIMITED

The Bank of Tokyo, Ltd., Agent

Financial advisers to the borrower

KUHN, LOEB & CO. LAZARD FRERES ET CIE S. G. WARBURG & CO. LTD.

This announcement appears as a matter of record only.



## INTERNATIONAL COMPANY NEWS + EURO MARKETS

German/Swedish banks  
'marriage of convenience'

BY GUY HAWTIN

FRANKFURT, August 5.

THE GO-AHEAD is believed to be a marriage of convenience between the two banks, which are the largest commercial banks in their respective countries. The new bank is to be formed by the merger of the West German's leading bank, the Bundesbank, and the Swedish's leading bank, the Svenska Bank. The merger is to be completed by the end of 1976. The new bank is to be a joint venture, with the West German's holding 50 per cent of the capital and the Swedish's holding the other 50 per cent. The new bank is to be a joint venture, with the West German's holding 50 per cent of the capital and the Swedish's holding the other 50 per cent. The new bank is to be a joint venture, with the West German's holding 50 per cent of the capital and the Swedish's holding the other 50 per cent.

Nothing has yet been officially announced here. To-day the Bayerische Landesbank—the largest bank in Bavaria and the fourth largest in the Federal Republic—was unable to comment.

However, it is understood that management of the new bank is to be equally divided between the two partners. Dr. Marcus Wallenberg, it is believed, will be the first Supervisory Board Chairman, while Deputy Chairman will be a senior official from the Bayerische Landesbank. The executive board will be even split between Bavarians and Swedes. It is understood that the leading Swedish Executive Board member is to be Mr. Christian Norgren, a Vice-President of the Skandinaviska Enskilda Bank, and currently head of the bank's representative office here in West Germany.

The move is thought to be a particularly shrewd one for both partners and the seriousness of their approach is illustrated by the size of the initial capital stake. (This compares with the Bayerische balance sheet total of DM40bn.) While it will undoubtedly create harder com-

petitions with Skandinaviska Enskilda Bank, it will be able to benefit from the Swedish bank's extensive experience in foreign operations. It will also gain greatly from Skandinaviska Enskilda's impressive list of prospective clients.

The potential market that the bank is aiming for is a huge one. West German-Swedish trade alone was worth DM11.8bn. last year, with Swedish exports to West Germany totalling DM4.1bn. and West German sales in Sweden coming to DM7.7bn. But added to this must be the trade turnover between West Germany and Denmark, Norway and Finland. These totals are DM7.3bn., DM4.9bn. and DM3.7bn. respectively.

There are also many potential customers among the 400 subsidiaries of Swedish companies operating in West Germany, many parent companies of which already deal with Skandinaviska Enskilda in Sweden. Among them are such giants as SKF, the West German subsidiary of which alone has a turnover of over DM1bn.

MAN still working to  
full capacity

BY GUY HAWTIN

FRANKFURT, August 5.

MASCHINENFABRIK Augsburg-Nürnberg (MAN), one of West Germany's leading engineering firms, is working to full capacity. The company's production of trucks and buses is expected to reach 1,200 units in 1975. The company's production of trucks and buses is expected to reach 1,200 units in 1975. The company's production of trucks and buses is expected to reach 1,200 units in 1975.

Exports are the key to current success. They account for about 45 per cent of the sector's turnover which for the 1975-76 business year is forecast to reach DM1.8bn. The concern has just announced a massive order for 1,200 buses from Algeria. Delivery of the vehicles—both touring and standard bus line units.

Gebrieders  
to close  
down

By Friso Endt

ROTTERDAM, August 5.

YESTERDAY a request for bankruptcy of the Dutch shipping construction yard of Gebrieders Van Der Werf in Rotterdam (near the city of Amsterdam) was filed by the big shipping company, Bodewes, also of Middelburg.

Gebrieders Van Der Werf is a wholly-owned subsidiary of Bodewes, which itself is owned by the German Stinnes group of Düsseldorf.

Bodewes, which took over Gebrieders Van Der Werf a year ago, says it cannot continue to pay Van Der Werf's debts, and is forced to close the plant, which means layoffs for 400 people.

When Bodewes took over Van Der Werf, over a year ago, there were accrued losses of Fl.50m. on the building of four chemical tankers for French customers. This loss was covered by Fl.55m. of Bodewes's own funds.

The 400 employees of Van Der Werf went on strike immediately after the management had told them their decision. To-day there is a meeting between the management and the trade unions, which want to fight the decision to close the plant.

As Bodewes and Van Der Werf are owned by the German Stinnes group, no annual figures are ever published by the two Dutch companies.

Arab bank  
buys into  
Novotel

By Robert Mauthner

PARIS, August 5.

FOLLOWING in the footsteps of the high-flying Jumeirah hotel and motorway catering organisation, the French Novotel hotel group has acquired fresh Arab capital through an agreement with the Swiss-domiciled, Arab-financed company, Finaal SA.

As a first step, Finaal will take an 8.9 per cent stake in Novotel, which will increase its capital from Frs.10m. to Frs.14.25m.

The shareholdings in the group are now made up of Finaal (8.9 per cent), the former stockholders of the Mercure chain which was taken over earlier this year by Novotel (15 per cent), of which 4.3 per cent.

Banque Nationale de Paris), Banque Louis Dreyfus (7.7 per cent), Sopridi-groupe, Société Privée de Gestion Financière (7.4 per cent), Société Générale (4.7 per cent), and J. Dubrion et F. Pellissier, who have a majority holding.

Novotel, which currently has some 110 hotels and plans to increase this number to 250 by the end of the decade, also intends to form a new company, called Nodapac, with a capital of Sw.Frs.30m. for the purpose of opening about 30 hotels in various Arab countries, Brazil and Africa. Finaal will have a controlling 65 per cent stake in this new company, with the remaining 35 per cent held by Novotel.

Mr. de Groot said that the results of the production cuts in the Netherlands are about the same as at Philips plants all over the world except in the U.S. But he said that there are no plans for any further cuts in production.

Of a total of 92,500 people employed by Philips in the Netherlands about 6,700 are now affected by short-time working.

Source: Kilder, Peabody Securities.

Renault challenges Ford  
supremacy in Belgium

BY DAVID CURRY

BRUSSELS, Aug. 5.

FORD'S 14 year-long supremacy in the Belgian car market is under challenge from the French car manufacturer Renault. In the first half of the year Ford took 10.5 per cent of sales with just under 20,700 vehicles registered, while Renault's sales of 18,522 cars gave it 9.5 per cent of the market.

At the same time, last year, Ford had sold nearly 22,500 cars to take 11.4 per cent of total sales while Renault had 10.6 per cent, with 20,760 cars disposed of.

General Motors has seen its performance decline. In the first six months of last year it took 10.8 per cent of the market with 21,200 sales but, over the same period of this year, its sales of 19,768 cars gave it only 8.5 per cent of the market.

Belgium, with no car manufacturer of its own, is a very competitive market with a strong demand for luxury vehicles and for "optional extras" on cars.

Ford is confident that it will beat off the Renault challenge. It points out that the new Escort has just begun to make an impact on the market and that its popularity, and the increasing pace of sales, should see the company safely home for its fifteenth consecutive year in the No. 1 spot.

The company supplies the Taurus (Cordina) from its Belgian plant but imports the Escort, Capri and Granada from Germany. Renault also has some local assembly units and it is understood that the smaller cars in its range are providing the cutting edge to its Belgian penetration.

Toyota, which has been campaigning energetically in Belgium—Toyota all carry the legend, "my Toyota is fantastic," in English, stuck to the rear window—has maintained the market share it built up last year. It sold nearly 14,900 cars only one of the leading group of manufacturers to increase its sales in 1974 over 1973. It improved its total from 32,563 (9.3 per cent) to 35,851 (10.5 per cent). Ford itself slipped from 43,365 in 1973 to 39,448 last year, while General Motors was down from 38,550 to 35,149 and Volkswagen from 32,222 to 28,443, accounting for 8.4 per cent of the market.

British Leyland has moved up from 5,990 sales in the January-June period of 1974 to just under 7,000 sales in the same period of this year to capture 3.5 per cent of total sales. Renault was the only one of the leading group of manufacturers to increase its sales in 1974 over 1973. It improved its total from 32,563 (9.3 per cent) to 35,851 (10.5 per cent). Ford itself slipped from 43,365 in 1973 to 39,448 last year, while General Motors was down from 38,550 to 35,149 and Volkswagen from 32,222 to 28,443, accounting for 8.4 per cent of the market.

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# Down another 7.9 after brief rally \$ easier

BY OUR WALL STREET CORRESPONDENT

FURTHER SHARP losses were recorded on Wall Street today, following the collapse of an un-expected mid-session rally after the recovery of 4.31 to 92.32 at noon, the Dow Jones Industrial Average dipped to 810.15 for a net fall of another 7.90. The NYSE All Common Index further declined 33 cents to 446.00, while losses outpaced gains by nearly four-to-one majority. Trading volume expanded 2.8m. shares to 13.47m.

The short-lived upswing was attributed to a softening in short-term interest rates, which, however, soon began to firm again. Analysts also attributed renewed selling to indications that inflation will resume its steep upward spiral of last year.

The Government report on the July Wholesale Price Index (a closely watched inflation barometer), scheduled to be released Thursday, was expected to show a sharp rise.

In addition, inflation watchers received much bad news today when Armco Steel announced it was raising flat rolled steel prices 8 per cent.

U.S. Steel and Bethlehem Steel, the two largest producers, had no comment on Armco's action. Armco Steel shed \$1 to \$27. Motors eased after the industry reported sharply lower late July car sales.

St. Joe Minerals firmed \$1 to \$22. It mined in principle to acquire American Oil through a tax-free exchange of common stock. IBM declined \$3 to \$194. Burroughs \$2 to \$90 and Eastman Kodak \$2 to \$52.

Arco Products were off \$2 to \$38. Schlumberger \$2 to \$76 and Merck \$3 to \$70.

Combustion Engineering was firm. On Monday, one of its units won a \$10m. contract to make air-cooled turbine exhausts condensers for use in the Soviet Union.

Stratobaker-Worthington finished unchanged at \$35, while Pacor, controlled by SW, dipped \$1 to \$37, and said it dropped a previously announced plan of liquidation.

United Gas Pipe Line tacked on \$1 to \$111 on sharply higher second quarter earnings. Shell finished \$1 to \$91 on third quarter earnings from continuing operations down by 73 per cent from a year earlier while sales gained by 25 per cent.

In Savings and Loan Associations, First Charter Financial dipped \$1 to \$101. Federal Savings & Loan Association Western Financial \$1 to \$131 and Imperial Corp. of America \$1 to \$55.

Savings flows into U.S. Thrift Institutions abruptly slowed to a crawl in July after months of record gains, according to interviews with key executives in the industry.

The American SE Market Value Index dropped 1.35 to 87.33, with

declines outnumbering advances by 511 to 131.

## OTHER MARKETS

### Canada lower

Canadian Stock Markets also moved to lower levels in light trading yesterday.

The Western Oil Index dropped 3.60 to 182.15. Industrials lost 1.82 to 187.30. Base Metals 0.74 to 17.37. Utilities 1.15 to 128.83. Banks 2.43 to 209.07. Papers 0.70 to 113.60. Only Golds moved to 113.60. The general trend, rising 0.71 to 381.61.

PARIS—Mixed in very quiet trading in the absence of any encouraging factors.

Metals, Portfolios and Chemicals were slightly firmer. Banks were steady, while other sectors followed an irregular trend.

Foreign stocks were subdued with American Golds, Coppers and Oils falling back. German and Dutch issues were comparatively firm.

AMSTERDAM—Generally lower in continued very quiet conditions, with sentiment depressed by continued weakness on Wall Street.

Algemeene Bank Nederland was lifted \$1.50 to 345.50.

ERUSSELS—Mostly lower in continued slow trading.

Arbed was off \$1.50 to 4,000. Cockerill was off \$1.50 to 1,050 after reporting a 23 per cent fall in steel output in the first seven months of this year.

Tessenderlo was down \$1.35 to 1,500 in lower Chemicals.

In reduced holdings, Moesane slipped \$1.10 to 715. Oils were mostly lower. Electricals and Utility shares were mixed to lower.

Among International, U.S. stocks declined. General Motors was off \$1.50 to 2,070. IBM \$1.70 to 1,630. ITT \$1.50 to 880. Westinghouse \$1.25 to 820. Union Carbide \$1.35 to 2,270 and Boeing \$1.25 to 1,000.

Modest declines were registered in German, Dutch, French and Swiss issues. South African Gold Mines eased.

GERMANY—Narrowly mixed, with small losses predominating. In Motors, VW gained \$1.50 to 112.00, but BMW were down

NEW YORK, August 5

DM.5 to 230 while Daimler-Benz rose DM.3 to 314. In Banks Deutsche Commerzbank put on DM.50 to 212.50.

Among Chemicals, Hoechst at DM.133 and Bayer at DM.171 were each up DM.1. BASF rose DM.70 to 142.70.

Among Steels Thyssen gained DM.0.50 to 84.

On the Bond Market, Foreign Mark Loans were steady, but Public Loans were easier.

SWITZERLAND—Markets edged lower, with minimal buying interest and small selling.

Major Banks lost ground over a broad front. In otherwise easier conditions, Zurich Bank was down \$1.50 to 1,000. Swiss Bank was down \$1.50 to 1,000. Swiss Bank was down \$1.50 to 1,000.

STERLING—Markets edged lower, with minimal buying interest and small selling.

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The U.S. dollar recorded small losses yesterday against major currencies in a foreign exchange market that saw thin and erratic trading. The dollar was affected by the U.S. wholesale price index, expected later in the week, that could indicate an increase in the rate of inflation.

The dollar's trade-weighted average depreciation against 14 units since the Washington Agreement as calculated by Morgan Guaranty of New York on noon rates, eased to 3.05 per cent, against 2.92 per cent. Sterling's depreciation on a similar basis widened to 32.71 per cent from the previous 32.09 per cent.

Sterling opened at \$2.1400-2.1410 in terms of the dollar and drifted down to \$2.1355-2.1365 during the day. The announcement of a rise in the base lending rates of major British banks helped the pound to recover at the close to \$2.1410-2.1420 from the previous \$2.1415-2.1425.

The pound's trade-weighted average depreciation against 10 major currencies since the Washington Currency Agreement (as calculated by the Bank of England) eased to 26.9 per cent, from the previous 26.6 per cent. The pound's depreciation at noon stood at \$2.1410-2.1420 from the previous \$2.1415-2.1425.

STERLING

## GOLD MARKET

	Aug. 5 1975	Aug. 6 1975
Gold Bullion, in fine ounces	\$165.15	\$166.15
Close	\$165.15	\$166.15
Opening	\$165.15	\$166.15
Morning high	\$166.25	\$166.25
Afternoon high	\$166.25	\$166.25
Afternoon low	\$166.00	\$166.00
Afternoon close	\$166.00	\$166.00

	Aug. 5 1975	Aug. 6 1975
Gold coins (100% fine)	\$170.175	\$171.175
Gold bars (100% fine)	\$170.175	\$171.175
Gold bars (999.9 fine)	\$170.175	\$171.175
Gold bars (999.5 fine)	\$170.175	\$171.175
Gold bars (999.0 fine)	\$170.175	\$171.175
Gold bars (998.5 fine)	\$170.175	\$171.175
Gold bars (998.0 fine)	\$170.175	\$171.175
Gold bars (997.5 fine)	\$170.175	\$171.175
Gold bars (997.0 fine)	\$170.175	\$171.175
Gold bars (996.5 fine)	\$170.175	\$171.175
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Gold bars (979.5 fine)	\$170.175	\$171.175
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Gold bars (978.5 fine)	\$170.175	\$171.175
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Gold bars (899.5 fine)	\$170.175	\$171.175
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Gold bars (898.5 fine)	\$170.175	\$171.175
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## FARMING AND RURAL MATERIALS

## Heat wave hits French crops

By Robert Mathauer

PARIS, August 5. THE PRESENT heat-wave may produce one of the most memorable red wine vintages since the Second World War, but it has been a disaster for French grain and dairy farmers.

With temperatures even in northern France reaching the upper 30s-35C in Paris yesterday, farmers for this year's grain harvest are becoming more and more pessimistic.

Two departments in Brittany and Normandy, normally among the wettest parts of France, have been declared disaster areas because of the drought and water rationing has been introduced in several areas.

It has become clear already that the grain harvest will be much lower than last year—18m. tons compared with 19m. tons for wheat and 6m. tons for barley, according to the latest estimates.

In the case of maize, the effect of the drought is expected to be even more serious. In spite of the planting of an additional 200,000 hectares this year, maize production is not expected to exceed last year's very disappointing level of some 7m. tons.

## EEC may defer Soviet grain sales decision

PARIS, August 5. THE EEC COMMISSION is not expected to consider sales of grain to the USSR until September at the earliest, say trade sources.

It is likely to wait until there are clearer indications of the size of this year's crop, which is threatened by dry weather, before taking any decision on selling large quantities of grain to any overseas country.

The question is expected to be discussed at the September meeting of the EEC Council of Ministers, by which time statistics may be available, the sources say.

Individual negotiations between grain dealers and the USSR may well go on in the meantime, but no EEC approval for deals is likely, Reuters.

## COCOA STUDIES

ACCRA, August 5. The Cocoa Affairs Ministry said it would start immediate cocoa projects in west and upper central Ghana, if the World Bank agreed to help with finance. The projects would be modelled on the Eastern Ghana Cocoa Rehabilitation Scheme, Reuters.

## New warning on U.K. farming cutbacks

By Peter Bullen

A REPORT on the "serious situation" in U.K. agriculture will be considered by the National Economic Development Council today.

It has been compiled by the Agriculture "Little Noddy" to draw attention to the recent downturn in investment intentions in farming and in forecasts of reduced net output.

The Agriculture EDC is concerned that these developments should not jeopardise future expansion of the industry envisaged in the recent Government White Paper "Food from our own resources," it says.

Investment in plant and machinery at constant prices, rose by only 1 per cent last year compared with much greater increases in the previous two years. Moreover, investment in buildings declined by 3 per cent, compared with rises of 8 per cent in both 1972 and 1973.

The EDC says it is particularly concerned with future intentions to invest and draws attention to the Country Landowners' Association's survey published last week, which showed that 60 per cent of more than 1m. acres of land had been postponed, curtailed or abandoned 80 per cent of their investment plans.

At the same time as the CLA published its survey, the National Farmers' Union issued a warning that home food production could fall by 8 to 10 per cent this year because of the cutback in agricultural output.

Since then the Ministry of Agriculture's official farm census figures have been issued, confirming the forecast of a big cutback in the national dairy

herd, other declines in the live stock population and a drop in crop acreages.

The Agriculture "Little Noddy" also refers to NEU forecasts of the fall in agricultural output and points out that if the rundown in investment intentions becomes a fact and any reduction in net output is not quickly reversed, expansion will take longer to achieve and could be more costly.

## Import saving

It would be more difficult for Britain's agricultural industry to remain one of the most efficient in the EEC and would hinder its contribution towards solving the nation's economic problems, particularly on import saving.

However, the Ministry of Agriculture issued a statement yesterday, designed to put the comment about agricultural investment and retrenchment into perspective.

It pointed out that, since the Agriculture EDC had discussed the issues, the Government had announced increases in U.K. farmers' support prices following the adjustment of the EEC's "green price" level.

A Ministry spokesman said: "The Ministry shares the EDC's concern about any possible fall in output and investment intentions this year. The latest information on farmers' grant schemes, however, indicates some increase in applications in the first half of 1975, compared with last year."

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## Lower harvest fear

By Peter Bullen

THE U.K. GRAIN harvest this year may be about 2m. tons below last year's record of 16m. tons, if the first production estimate of the Home Grown Cereals Authority proves correct.

The estimate results from a purely statistical exercise in which the official June farm census figures have been used, confirming the forecast of a big cutback in the national dairy

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## LME copper prices ease

By Our Commodities Staff

AFTER A steady opening on the London Metal Exchange yesterday copper prices eased in early dealings in the face of back-pitching sales and the summer season of sterling. There was also some profit-taking on the morning kurb. After the New York Comex had opened sharply lower, however, the London market resisted the temptation to follow and cash copper ended the day 28.75 lower, at £298.75 a tonne.

Prices moved up initially, following a \$300 rise in the Pennine price. Prices then declined in sympathy with copper but no offerings were forthcoming at the lower levels and values soon bounced up again. Cash, the closed at £21.143 a tonne, up 58 on the day, while the three-month quotation gained £14.5 to £21.2 a tonne.

The lead and zinc markets were very quiet with cash lead ending 21 down, at £27.5 a tonne, and zinc 2.75 lower, at £236.75 a tonne.

From Paris, meanwhile, it was reported that production of lead and zinc in OECD European countries declined in June. Provisional figures show that lead output was 76,766 tonnes (against 80,042 in May) and zinc output 104,554 tonnes (against 118,175). The figures are respectively 19 per cent and 21 per cent down on June 1974.

The duty for secured and ships' cargo areas outside Patagonia was reduced from 30 to 10 per cent.

The measure was adopted in view of the "deteriorating situation" which faces the wool industry and the effort to halt the decline seen in sheep stocks and wool production in the last few years, the decree says.

Trade sources cautiously welcomed the Government move, saying that it would boost exports, but that the total elimination of duties and perhaps a higher exchange rate was necessary for it to be fully successful, Reuters.

## Wool export duties move by Argentina

BUENOS AIRES, August 5.

EXPORT DUTIES formerly levied on wool shipments in Argentina have been reduced, or reduced, in an effort to reduce a large exportable surplus estimated at around 100,000 tonnes.

A Ministry of Economy decree has removed a 20 per cent export duty on all types of Patagonian wool. At the same time it has scrapped export duties of between 15 and 20 per cent for scoured, carbonised, blousse and waste wool.

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## BRAZIL AGRICULTURE

## Back to the drawing board

BY DAVID WHITE

EVERY Brazilian supermarket housewife is complaining about the price of coffee. This year's swift spell of European-style winter in the south of the country has upset prospects for the supply of coffee and much else besides—for several years to come.

The frosts, more severe than any since 1918, have almost entirely wiped out the next harvest of Paraná, reaching as far north as the new planting areas of Minas Gerais and Mato Grosso. Snow fell in places where it had never been recorded before.

Carla have to feed on dwindling supplies of maize, and most of the small market-garden crops have been destroyed. Further south, the dried-up pasture land has been used for growing crops of ruined coffee trees.

The winter, what with floods in the north and frost and fire in the south, has brought a body-blow to Brazil's agricultural plans. Last year farm production increased by 8.5 per cent, and a target of 7 per cent for 1975 was set in the five-year development plan starting this year.

Since this now looks virtually impossible, the Government is taking the market policy back to the drawing board. Sir Alastair Paulinelli, Brazil's youthful Agriculture Minister, warned that there would be profound alterations in crop forecasts, in the supply programme and in the commercialisation of farm products abroad.

Financing arrangements to compensate coffee growers are will now have to be replanned again. This year's coffee crop, which was to be completed later this week, will now be replanned again. This year's coffee crop, which was to be completed later this week, will now be replanned again.

The Finance Minister, Sr. Mario Henrique Simonsen, offset the gloomy forecasts by declaring that the frosts would affect neither the Government's price policy, nor the balance of payments, since the drop in the volume of coffee exports would be met by a corresponding rise in world market prices.

The Coffee Institute (IBC) last week raised its basic export price to U.S. 80 cents a pound from 50 cents. At the same time it dropped its policy of granting substantial discounts to its bidders, setting prices at a fixed point between those of Central American and African coffees.

In many respects, it has not been such a tragic winter as it might seem. The IBC has shaken off the system which had brought it under constant attack in a time of depressed coffee prices, and can now go back to the negotiating table of the International Coffee Organisation, due to reconvene in London in late October, in a more confident mood. The rise in prices is expected to bring Brazil at least an extra \$200m. in export revenue this year with half the exportable crop still unsold.

The growers who lose out the most will be those who have already got rid of this year's coffee, and those who replanted over the past couple of years and

RIO DE JANEIRO, August 5.

can be regarded as a minimum. The current estimate of the Brazilian Coffee Institute is around 10m. bags, while others put it at 11m.

Paraná was expected to produce 12m. bags after 8.5m. this year, but will now yield between zero and 500,000. Minas Gerais, on the other hand, does not expect to lose more than 10 per cent of its output.

Frost belt

More farmers in the south may now finish with coffee and grow soybeans and wheat instead, while new coffee plantations are established out of the frost belt in Mato Grosso and Minas Gerais.

But state and federal authorities have two good reasons for not discouraging altogether the replanting of coffee in São Paulo and Paraná. One is employment (about 100,000 families depend on the Paraná coffee estates) and the other is Brazil's position in the world coffee market.

Official stocks now stand at 15m. bags and will not be released before next year, when Brazil will have to dig into them if it is to fulfil domestic and export commitments. This year's crop, plus the carryover of 8m. bags from the last crop, will leave a new carryover of not more than 5m. bags to add to the undersize 1975 harvest.

The winter damage will undoubtedly help Brazil's shift to more diverse and more efficient farming. But it will also make it more difficult for the country to keep its hold on the one market it has grown used to dominating.

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CAPE TOWN, August 5.

PRELIMINARY ESTIMATES by the South African Deeds Office indicate that financial results of the 1974-75 export season will be considerably better than for 1973-74, when gross proceeds were R84.2m. (\$54.2m.) and probably better even than 1972-73 when they were R89.3m. (\$57.5m.).

Whether pay-outs to farmers—R54.9m. (\$35.3m.) in 1972-73 and R43.2m. (\$27.8m.) in 1973-74—will rise much, the Board is loath to say since sharply increased ocean freight and other pool costs are likely to be evoked by far last year's R41.2m. (\$26.5m.). The Board says that depreciation of sterling was an

other factor which would erode final payments to producers.

The volume of fruit shipped abroad this season is likely to be a record, and possibly even better than 1971-72.

Features of this season's export performance have been bumper pear and apple crops, exports of which are expected to reach 10 per cent above last year's, higher respectively, by volume compared with last season's 22,688 tons of pears and 145,857 tons of apples. On the whole, selling prices in the principal markets have been higher than in 1973-74, but the volume shipped was 17 per cent below the 1973-74 level of 81 tons. Realisa-

tions on peach exports were 50 per cent higher, but the volume was 20 per cent below the 771 tons of 1973-74.

The volume of grapes exported is expected to be about the same as last season's 27,587 tons. So far, about 60 per cent of the table grape crop has been sold, average prices obtained being higher than last year's.

About 50 per cent of the pear crop has been disposed of, but prices are reported to be only marginally above last season's.

The Board expects the volume of apples exported to be nearly 20 per cent more than the 145,857 tons of 1973-74. About 33 per cent of the export crop has been sold at prices higher than those in 1973-74.

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## COMMODITY MARKET REPORTS AND PRICES

## BASE METAL

COPPER—Prices reacted on the London Metal Exchange on a combination of profit-taking and some investigation back-pitching which saw three months' wirebars fall to 582. Later conditions improved but became very unsettled. Market persisted after lunch when Comex closed lower. London found some support buying at 580 for three months' wirebars and the market closed assembly steady, but with prices still very much dominated by the Comex.

	Aug. 5	Aug. 4	Aug. 3	Aug. 2
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## STOCK EXCHANGE REPORT

Industrial leaders stage a useful technical rally  
Share index up 7.5 at 289.6—Gilts turn dull

## Account Dealing Dates

## Option

## First Declared Last Account

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## Confirmation of a further rise

## in U.S. Treasury bill rates and

## newly increased in U.K. clearing

## banks' base rates made for dull-

## ness in Gilt-edged. A small rally

## comprised mainly of small selling

## orders and, although a rally

## reduced the losses, the closing

## tone was finally uncertain. Short-

## dated issues sustained falls

## extending to 101 per cent, 1975, at

## 90.15, while medium and long

## bonds generally 100, after being

## down at one stage. Corporations

## followed no set pattern of trading.

## Sensitive to a small and inter-

## mittent demand, the investment

## currency premium rose quickly

## to 91.5 per cent, only to fall back

## later to close a net 11 up at 90.1

## per cent. Yesterday's SE conversion

## factor was 0.6338 (0.6438).

## In recent Equities, the preliminary

## results left Clive Discount

## unmoved at 50p.

## Mark-up in Banks

## The moves by the big four

## clearing banks in raising their

## respective base lending rates 1

## per cent to 10 per cent, encour-

## aged dealers to mark prices

## around 5 higher to hope of

## generating some interest trade

## (failed to materialise on any scale,

## but prices stayed firm. National

## Westminster fared best, rising 8

## to 100, while Barclays, 24p, and

## Lloyds, 15.5p, and Midland, 22.5p,

## all gained 5. Overseas banks

## tended mixed with Bank of New

## South Wales 10 better at 36p

## and Commercial Bank of Australia

## 5 dearest at 20.5p, while Hong Kong

## and Shanghai cheapened 4 to 18p.

## Discounts eased in places: Gerra-

## rd and National lost 7 to 24p.

## A technical rally in Insurance

## left improvements that stretched

## to 5 by the close. "Royale," with

## interim results due August 18,

## ended that much better at 26p.

## Sun Alliance hardened 5 to 37p

## as did General Accident to 140p.

## Commercial Union improved 4 to

## 122p; the interim results are due

## next Monday. Hogg Robinson

## edged 2 higher to 122p following

## the results and proposed 25 per

## cent scrip issue.

## Breweries tended to edge higher

## in this trading. Allied hardened

## a penny to 58p as did Bass Char-

## terton to 79p, while Archar

## Guinness rallied 2 to 111p. Follow-

## ing the company's rejection of

## its employees £38-a-week wage

## claim, Scottish and Newcastle

## closed 11 dearest at 44p. Else-

## where, Plessey, 64p, and

## Richard, 84p, and Milbury,

## the 22.5p, FCI loan saw Distillers

## ease to 10.5p initially before rally-

## ing to end 2 better on balance

## at 10.5p. George Sandeman held

## firm at 40p despite adverse news

## paper comment.

## In the course of another small

## turnover, Buildings managed to

## harden in places. Johnson-

## Reichart, 84p, and Milbury,

## both improved 4, while A.

## Guinness picked up 3 to 54p. Favour-

## able Press comment lifted J.

## Jarvis 2 to 100p, while news

## eased 3 to 100p. Energy

## and Electronics closed a fraction

## cheaper at 9p following the poor

## results and sale of the company's

## hearing aid interest to Thomas

## Tilling; the latter gained 1 1/2

## at 54p.

## Recent publicity given to a

## broker's circular advising a switch

## to Hawker Siddeley began to

## filter through and the price

## jumped 10 to 27p. GEC, which

## had been recommended as a

## "sell" in the same advice, re-

## bounced 7 to 20.5p and Tube

## investments recovered 4 to 22p.

## Compair were outstanding with

## the new fully-paid shares 5 higher

## at 33p. The new fully-paid shares

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## Store leaders bought

## Store leaders encountered

## some investment support and

## closing gains ranged to 4, as in

## Marks and Spencer, 60p, and

## Gussetts, 15.5p, House of

## Fraser rose 3 1/2 to 71p, while

## Burton "A" managed to pick up

## 2 more to 39p. Other issues

## remained quiet and closed with

## scattered irregular movements.

## Hoff and Earl, on the increased

## demand, further consolidated to

## 81p. Mail Orders to find favour

## were Empire Stores, 36p, and the

## new nil-paid, 31p premium, which

## added 3 and 3 respectively, and

## Grattan Warehouses



## DICES

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**DING**

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# FT SHARE INFORMATION SERVICE

BRITISH FUNDS									
High	Low	Stock	\$	%	Yld.	High	Low	Stock	Yld.
94 1/2	94 1/2	Stocks (Average up)	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 1970-71	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 1971-72	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 1972-73	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 1973-74	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 1974-75	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 1975-76	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 1976-77	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 1977-78	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 1978-79	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 1979-80	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 1980-81	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 1981-82	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 1982-83	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 1983-84	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 1984-85	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 1985-86	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 1986-87	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 1987-88	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 1988-89	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 1989-90	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 1990-91	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 1991-92	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 1992-93	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 1993-94	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 1994-95	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 1995-96	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 1996-97	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 1997-98	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 1998-99	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 1999-00	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2000-01	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2001-02	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2002-03	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2003-04	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2004-05	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2005-06	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2006-07	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2007-08	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2008-09	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2009-10	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2010-11	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2011-12	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2012-13	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2013-14	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2014-15	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2015-16	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2016-17	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2017-18	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2018-19	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2019-20	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2020-21	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2021-22	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2022-23	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2023-24	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2024-25	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2025-26	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2026-27	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2027-28	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2028-29	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2029-30	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2030-31	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2031-32	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2032-33	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2033-34	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2034-35	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2035-36	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2036-37	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2037-38	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2038-39	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2039-40	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2040-41	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2041-42	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2042-43	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2043-44	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2044-45	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2045-46	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2046-47	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2047-48	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2048-49	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2049-50	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2050-51	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2051-52	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2052-53	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2053-54	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2054-55	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2055-56	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2056-57	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2057-58	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2058-59	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2059-60	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2060-61	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2061-62	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2062-63	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2063-64	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2064-65	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2065-66	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2066-67	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2067-68	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2068-69	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2069-70	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2070-71	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2071-72	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2072-73	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2073-74	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2074-75	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2075-76	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2076-77	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2077-78	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2078-79	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2079-80	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2080-81	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2081-82	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2082-83	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2083-84	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2084-85	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2085-86	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2086-87	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2087-88	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2088-89	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2089-90	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2090-91	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2091-92	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2092-93	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2093-94	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2094-95	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2095-96	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2096-97	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2097-98	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2098-99	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2099-00	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2100-01	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2101-02	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2102-03	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2103-04	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2104-05	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2105-06	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2106-07	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2107-08	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2108-09	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2109-10	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2110-11	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2111-12	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2112-13	98.00	6.61	6.80				
97 1/2	97 1/2	Victory 2113-14							

RICE PURCHASE				BUILDING INDUSTRY—Continued			
Price	+	-		Price	+	-	
17			1.34	21			2.21
180			1.66	22			2.22
190			1.66	23			2.23
190			1.66	24			2.24
190			1.66	25			2.25
190			1.66	26			2.26
190			1.66	27			2.27
190			1.66	28			2.28
190			1.66	29			2.29
190			1.66	30			2.30
190			1.66	31			2.31
190			1.66	32			2.32
190			1.66	33			2.33
190			1.66	34			2.34
190			1.66	35			2.35
190			1.66	36			2.36
190			1.66	37			2.37
190			1.66	38			2.38
190			1.66	39			2.39
190			1.66	40			2.40
190			1.66	41			2.41
190			1.66	42			2.42
190			1.66	43			2.43
190			1.66	44			2.44
190			1.66	45			2.45
190			1.66	46			2.46
190			1.66	47			2.47
190			1.66	48			2.48
190			1.66	49			2.49
190			1.66	50			2.50
190			1.66	51			2.51
190			1.66	52			2.52
190			1.66	53			2.53
190			1.66	54			2.54
190			1.66	55			2.55
190			1.66	56			2.56
190			1.66	57			2.57
190			1.66	58			2.58
190			1.66	59			2.59
190			1.66	60			2.60
190			1.66	61			2.61
190			1.66	62			2.62
190			1.66	63			2.63
190			1.66	64			2.64
190			1.66	65			2.65
190			1.66	66			2.66
190			1.66	67			2.67
190			1.66	68			2.68
190			1.66	69			2.69
190			1.66	70			2.70
190			1.66	71			2.71
190			1.66	72			2.72
190			1.66	73			2.73
190			1.66	74			2.74
190			1.66	75			2.75
190			1.66	76			2.76
190			1.66	77			2.77
190			1.66	78			2.78
190			1.66	79			2.79
190			1.66	80			2.80
190			1.66	81			2.81
190			1.66	82			2.82
190			1.66	83			2.83
190			1.66	84			2.84
190			1.66	85			2.85
190			1.66	86			2.86
190			1.66	87			2.87
190			1.66	88			2.88
190			1.66	89			2.89
190			1.66	90			2.90
190			1.66	91			2.91
190			1.66	92			2.92
190			1.66	93			2.93
190			1.66	94			2.94
190			1.66	95			2.95
190			1.66	96			2.96
190			1.66	97			2.97
190			1.66	98			2.98
190			1.66	99			2.99
190			1.66	100			3.00
190			1.66	101			3.01
190			1.66	102			3.02
190			1.66	103			3.03
190			1.66	104			3.04
190			1.66	105			3.05
190			1.66	106			3.06
190			1.66	107			3.07
190			1.66	108			3.08
190			1.66	109			3.09
190			1.66	110			3.10
190			1.66	111			3.11
190			1.66	112			3.12
190			1.66	113			3.13
190			1.66	114			3.14
190			1.66	115			3.15
190			1.66	116			3.16
190			1.66	117			3.17
190			1.66	118			3.18
190			1.66	119			3.19
190			1.66	120			3.20
190			1.66	121			3.21
190			1.66	122			3.22
190			1.66	123			3.23
190			1.66	124			3.24
190			1.66	125			3.25
190			1.66	126			3.26
190			1.66	127			3.27
190			1.66	128			3.28
190			1.66	129			3.29
190			1.66	130			3.30
190			1.66	131			3.31
190			1.66	132			3.32
190			1.66	133			3.33
190			1.66	134			3.34
190			1.66	135			3.35
190			1.66	136			3.36
190			1.66	137			3.37
190			1.66	138			3.38
190			1.66	139			3.39
190			1.66	140			3.40
190			1.66	141			3.41
190			1.66	142			3.42
190			1.66	143			3.43
190			1.66	144			3.44
190			1.66	145			3.45
190			1.66	146			3.46
190			1.66	147			3.47
190			1.66	148			3.48
190			1.66	149			3.49
190			1.66	150			3.50
190			1.66	151			3.51
190			1.66	152			3.52
190			1.66	153			3.53
190			1.66	154			3.54
190			1.66	155			3.55
190			1.66	156			3.56
190			1.66	157			3.57
190			1.66	158			3.58
190			1.66	159			3.59
190			1.66	160			3.60
190			1.66	161			3.61
190			1.66	162			3.62
190			1.66	163			3.63
190			1.66	164			3.64
190			1.66	165			3.65
190			1.66	166			3.66
190			1.66	167			3.67
190			1.66	168			3.68
190			1.66	169			3.69
190			1.66	170			3.70
190			1.66	171			3.71
190			1.66	172			3.72
190			1.66	173			3.73
190			1.66	174			3.74
190			1.66	175			3.75
190			1.66	176			3.76
190			1.66	177			3.77
190			1.66	178			3.78
190			1.66	179			3.79
190			1.66	180			3.80
190			1.66	181			3.81
190			1.66	182			3.82
190			1.66	183			3.83
190			1.66	184			3.84
190			1.66	185			3.85
190			1.66	186			3.86
190			1.66	187			3.87
190			1.66	188			3.88
190			1.66	189			3.89
190			1.66	190			3.90
190			1.66	191			3.91
190			1.66	192			3.92
190			1.66	193			3.93
190			1.66	194			3.94
190			1.66	195			3.95
190			1.66	196			3.96
190			1.66	197			3.97
190			1.66	198			3.98
190			1.66	199			3.99
190			1.66	200			4.00
190			1.66	201			4.01
190			1.66	202			4.02
190			1.66	203			4.03
190			1.66	204			4.04
190			1.66	205			4.05
190			1.66	206			4.06
190			1.66	207			4.07
190			1.66	208			4.08
190			1.66	209			4.09
190			1.66	210			4.10
190			1.66	211			4.11
190			1.66	212			4.12
190			1.66	213			4.13
190			1.66	214			4.14
190			1.66	215			4.15
190			1.66	216			4.16
190			1.66	217			4.17
190			1.66	218			4.18
190			1.66	219			4.19
190			1.66	220			4.20
190			1.66	221			4.21
190			1.66	222			4.22
190			1.66	223			4.23
190			1.66	224			4.24
190			1.66	225			4.25
190			1.66	226			4.26
190			1.66	227			4.27
190			1.66	228			4.28
190			1.66	229			4.29
190			1.66	230			4.30
190			1.66	231			4.31
190			1.66	232			4.32
190			1.66	233			4.33
190			1.66	234			4.34
190			1.66	235			4.35
190			1.66	236			4.36
190			1.66	237			4.37
190			1.66	238			4.38
190			1.66	239			4.39
190			1.66	240			4.40
190			1.66	241			4.41
190			1.66	242			4.42
190			1.66	243			4.43
190			1.66	244			4.44
190			1.66	245			4.45
190			1.66	246			4.46
190			1.66	247			4.47
190			1.66	248			4.48
190			1.66	249			4.49
190							

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# FINANCIAL TIMES

Wednesday August 6 1975

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the builders!

## Industrial policy chief for Treasury

BY SAMUEL BRITTON

A NEW second permanent secretary has been appointed to the Treasury to "develop" the Department's "contribution to industrial policy." He is Mr. Alan Lord, at present a deputy secretary in the Department of Industry. Mr. Lord's main experience has been in the Inland Revenue where he was deputy chairman.

The move is part of a general reorganisation of the Treasury, which will now be organised into four sections, each under a second permanent secretary. These will be: the public services sector; overseas finance sector; chief economic adviser's sector; and the new domestic economic sector under Mr. Lord. His responsibilities will also cover incomes policy, monetary and fiscal policy and the Budget. Mr. Denis Healey, the Chancellor of the Exchequer, has long expressed a desire to intervene in industry directly through the Treasury in the hope of improving the "supply potential" of the economy. The new section should give him a base from which to attempt this.

## Forecasts

It is stressed that the reorganisation, the first major one since 1962, is not tied to the needs of any particular party or Minister. But it is clearly designed to create an "interventionist Treasury," relying extensively on economic forecasts, incomes policy and active industrial involvement. Letters have been written to 60 company chairmen to improve personal contacts with the top level of the department.

Another innovation is the establishment of a central unit under an under-secretary, Mr. Gordon Downey, to assist in co-ordinating policy and in designing any major new initiatives. It will be separate from the chief economic adviser's sector which will be mainly engaged in specialised forecasting work.

Mr. Lord, who is 46, is to have a salary of £17,175. His appointment takes effect in October. Another new appointment has been the promotion of Mr. W. S. Rivie to be head of the U.K. Treasury delegation in Washington in succession to Mr. A. K. Rawlinson, also to take effect in October.

Further details, Page 7

## Stonehouse: a judgment

LONDON CAPITAL GROUP, the fringe banking operation founded by Labour MP Sir John Stonehouse in 1972, obtained judgment against him for £303,568.31, including interest and costs, in the High Court yesterday.

The judgment was in respect of borrowings secured by Mr. Stonehouse's personal guarantee on behalf of Export Promotion and Consultancy Services Ltd, another Stonehouse company which went into liquidation in February.

Mr. Stonehouse, 50, Labour MP for Walsall North, will be told of the court result by letter to Bristol Prison.

## MID-EAST OFFICE FOR JARDINE

Jardine Matheson and Company has opened its first representative office in the Middle East in Tehran, Iran. Mr. Vaughan L. Morris, until recently a director of Jardines (trading subsidiary in Hong Kong), will be the representative.

## Weather

**U.K. TO-DAY**  
HOT in most parts, with scattered showers. Scattered showers. Wind S. moderate. Max. 23C (72F).  
**Central N. and E. England, E. Anglia, E. and W. Midlands, Wales, Channel Isles.**  
Sunny periods. Scattered showers, perhaps drizzle. Wind S. light. Max. 20C (68F).  
**Northern Ireland**  
Bright early, becoming cloudy with occasional rain. Wind S. moderate to fresh.  
Lakes, Isle of Man, S.W. Scotland, Glasgow.  
Sunny periods. Scattered showers, perhaps drizzle. Wind S. light. Max. 20C (68F).

## BUSINESS CENTRES

	Y'day	mid-day		Y'day	mid-day
Alameda	29	34	Madrid	29	70
Amsterdam	29	34	Manchester	29	71
Bahia	29	34	New York	29	71
Barcelona	29	34	Stockholm	29	66
Bombay	29	34	Vienna	29	66
Buenos Aires	29	34	Washington	29	66
Calcutta	29	34	London	29	66
Canton	29	34	Paris	29	66
Cebu	29	34	Rome	29	66
Hankow	29	34	Singapore	29	66
Hong Kong	29	34	Tokyo	29	66
Kobe	29	34	Yokohama	29	66
London	29	34			

## Cuts in subsidies urged by expenditure committee

BY WILLIAM KEEGAN, ECONOMICS CORRESPONDENT

AN ALL-PARTY Parliamentary committee yesterday called on the Government to concentrate any future public spending cuts on current expenditure, including subsidies.

The Commons Expenditure Committee complains in its ninth report of the 1974-75 session that previous public spending cuts have discriminated against investment by public enterprises and the nationalised industries. "Any further cuts should aim to restore the balance by being primarily cuts in current expenditure," says the report. "An obvious area where such cuts could be considered is subsidies, an area where public expenditure has certainly grown relatively fast in recent years."

The report could hardly be more timely, having been unveiled the day after the Cabinet met at Chequers to discuss Mr. Healey's proposed cuts of some £3bn. in public expenditure by the fiscal year 1978-79.

Details of how the cuts are to be implemented have certainly

not been agreed by the Cabinet, and the Committee's emphasis on reducing subsidies has obvious reference to some of Labour's sacred cows, such as housing.

Mr. Michael English (Lab., Notts W.), chairman of the public expenditure general sub-committee, told reporters yesterday that it was preferable to increase nationalised industry charges rather than cut expenditure on education.

Mr. Nigel Lawson (C, Blaby), said there was much more scope for cutting current expenditure, projected at £48.8bn. for 1975-76 in the Budget Report, compared with £11bn. for capital expenditure.

The Committee lists a number of areas where it regards control of public expenditure to have been excessively weak in recent years, and calls for major improvements in the Treasury's whole approach to the subject.

## Barber cuts

It says that the famous "Barber cuts" of 1973 might have taken place, as the Treasury

had claimed in evidence, but adds: "Apparently they were offset in other areas. Thus the composition of capital expenditure was changed rather than actually cut in total."

The Committee welcomes the announcement that the Government proposes to fix cash limits for wage bills in the public sector, and to employ the system of cash limits more generally. It will be reporting on this subject to-morrow.

It is concerned about the difficulties of finding out exactly how pay settlements in the private and public sector compare. "We consider that it is desirable to know whether the rate of change in public and private sector pay settlements and earnings are different, and accordingly recommend that the necessary statistics should be collected and published at regular intervals."

There is a complaint that it is "well nigh impossible" for Parliament and the public to know what is happening to public expenditure because the Treasury does not publish

revised figures between one White Paper and the next.

The report calls for publication of interim public expenditure figures "at least for the year in question" when important changes occur. It could be done on a quarterly basis, the Committee suggests.

## Industry aid

It had already elicited from Treasury witnesses that the 1975 Financial Statement did not make full provision for official assistance to British Leyland. The report says that the whole area of assistance to industry under the Industry Act 1972 and the Industry Bill 1975 demands greater public accountability.

"We therefore welcome the Chief Secretary's readiness to consider publishing the Government's criteria for assistance to industry and urge that this be done." (The assurance was given by Mr. Joel Barnett, Chief Secretary to the Treasury, in evidence to the Committee on May 19.)

Editorial Comment, Page 12

## Iran oil company may pay £18.5m. for HQ in Westminster

BY MARGARET REID

NEGOTIATIONS are well advanced for an £18.5m. deal under which a prime site in London's Victoria Street would be developed as a prestige headquarters for the National Iranian Oil Company.

The site, Abbey House, now in process of demolition, is owned by Capital and Counties Property and stands on the corner of Victoria Street and Tothill Street, facing Westminster Abbey and the Houses of Parliament. It has been described as one of the finest in Europe.

## Largest deal

If the project is agreed, it would probably be the largest property deal involving a Middle East oil producing country since Kuwait's £100m. takeover of St. Martins Property Corporation and Abu Dhabi's £38m. purchase of part of Commercial Union Assurance's headquarters.

The plan, on which final deci-

sions have still to be made, is thought to involve Capital and Counties arranging for the construction of the new building on the cleared site and for the full acquisition of the developed structure by the NIOC on completion.

## Initial payment

A certain initial payment would be likely to be made by the Iranians at the start of the project, with other payments probably following at intervals during the building process.

At the beginning of this year, the NIOC asked the Crown Agents to handle investment and purchasing for some 80 overseas Governments, to find it a new headquarters in London. The present project is the result of this commission.

Before recommending the scheme for agreement, the Agents would naturally look for full assurances and guarantees that the project would be satis-

factorily completed. There are signs that the provision of these may not be far away.

## Partners

Mr. Dennis Marler, joint managing director of Capital and Counties, when asked yesterday about the matter, declined to comment.

Capital and Counties and the Crown Agents are partners in a number of ventures in Australia, with the Agents being responsible, under arrangements made some time ago, for provision of the finance, of which some £100m. is still required. Meeting its Australian commitment is one of the major issues now being considered by the Agents, whose position was fortified last December by an £80m. Government grant and Government backing of its deposits.

Capital and Counties, one of Britain's larger property companies, has recently indicated

## State allots £45m. machine tool, foundry hand-out

BY ARTHUR SMITH

DETAILS of £45m. of Government aid to help modernise and raise productivity in the machine tool and foundry industries were announced yesterday by Mr. Eric Varley, the Industry Secretary.

A sum of £25m. is being made available to the ferrous foundry industry and a further £20m. to the machine tool industry. The announcement could foreshadow increased efforts by the industry to stimulate industrial investment.

Mr. Varley emphasised that each scheme would operate on a selective basis and that great emphasis would be put upon the commercial viability of the

projects proposed, and the way they are to be integrated into an overall plan to improve the productivity of the applicant company.

It is understood that if applications are treated in such a way the Treasury may take a more favourable view of Department of Industry spending in this direction.

Mr. Denis Healey, Chancellor of the Exchequer announced in his April Budget that £100m. would be set aside to promote investment that otherwise would not have taken place. The level of assistance disclosed by Mr. Varley yesterday takes the total to £105m. and this is now understood to be a flexible limit which may be raised provided the industry Department can submit a sufficiently strong case to the Treasury.

Other than the £45m. announced yesterday Mr. Varley last month introduced a £20m. support scheme for the clothing industry.

Under Mr. Healey's proposals an additional £40m. is available

for projects—as distinct from whole industry support—where major private investment may have been planned but shelved.

Announcements are expected within the next few weeks, for example, of support for projects within the pharmaceuticals and diesel engine component sector. The assistance is designed as a pump priming exercise and a Government loan of say £1m. could promote a total investment of possibly 12 times that figure.

The ferrous foundry scheme will provide grants of 25 per cent. towards approved expenditure on new plant and equipment, and grants of 15 per cent. towards approved spending on new buildings and extensions. Concessional loans will also be available.

For the machine tool industry concessional loans will be available towards the development of new products. There will also be grants of 20 per cent. for approved spending on new plant and equipment and of 15 per cent. towards new buildings and extensions.

Continued from Page 1

## July car sales

had a very bad month in June, with only 4.69 per cent. of the market, climbed back to 8.67 as it overcame the effects of its strike at the Stoke engine plant in Coventry, but Ford dropped back to only 19.3 per cent. Ford appeared to be troubled by the effects of its seven-week door-hangers' strike at Dagenham which stopped production of all its big cars.

Among the importers Datsun climbed back from a 3.29 per cent. share in June to 5.7 per cent. last month, taking over leadership of the importing group from Renault (5.3 per cent.).

The most interesting question for this month, when registrations are expected to reach about 130,000 in total, is what effects the new British Leyland "superdeal" campaign will have on sales. Ford is also predicting a healthy climb back, and it both do, in fact, record better

sales, the importers will suffer. Car production in the U.K. has fallen from a total of 527,000 in the first six months of last year to 470,000 in the comparable period this year, according to SMMT figures. Commercial vehicle production, however, has risen slightly, from 198,000 to 206,000.

All aspects of the car industry have suffered from the run-down except Rover, which, including its Land Rover production, has increased output in the six months from a weekly average of 892 vehicles to 908.

Hire-purchase figures show a slight increase in the number of people using this method of purchasing last month compared with July last year. Some 17,700 new cars were bought on HP last month, and 16,700 last year. The main area of growth is in motor-cycle and scooter sales, with HP contracts rising from 3,600 a year ago to 6,400 this July.

## National Bus seeks 25-35% fare rise

By Arthur Smith

THE NATIONAL Bus Company is seeking another round of fares increases. And in the Commons yesterday, Dr. John Gilbert, the Transport Minister, placed the onus on local authorities to either increase grants or face a cut of more than 40m. service miles a year and redundancies within the industry.

The State-owned company, which operates 50 bus undertakings in England and Wales, appealed to the Government at the beginning of the year for £22m. of cash aid and £22m. for fare increases of between 25 and 35 per cent.

Passenger resistance to those increases, which came into force during the early part of the year, is running higher than expected at between 5 and 7 per cent. NBC said last night. However, further fare rises—thought to average around 15 per cent.—are being sought.

In a written reply in the Commons, Dr. Gilbert said the highest fare increases the company considered feasible were already being sought and local authority contributions in the current financial year were only a third of what was needed to maintain services at present levels.

## Revisions

NBC had already decided to cut some 9m. miles a year from routes. "Without increased local authority grants, however, the NBC would need to make further service cuts totalling over 40m. miles with some consequential redundancy," Dr. Gilbert declared.

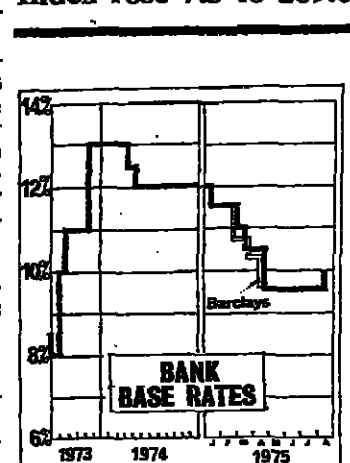
Pending decisions by local authorities about the services they were prepared to support next year, the Government had agreed to allow the NBC to meet its cash shortfall from the National Loans Fund.

Dr. Gilbert also offered county councils—which submitted their proposed transport policies for 1976-77 last month—until the end of September to make revisions in their level of bus support.

## THE LEX COLUMN

## Nationalisation charade

Index rose 7.5 to 289.6



The Government's nationalisation programme is turning into a farce. Although compensation is to be based on an estimate of average Stock Exchange prices in the six months to February, 1974, only one company on the list is actually quoted. That is Robb Caledon—which yesterday reported estimated losses of £1.55m. for 1974-75, compared with shareholders' funds of just £1.85m. at the start of the period.

But the Aircraft and Shipbuilding Industries Bill makes no provision for any changes in a company's trading situation between the winter of 1974 and vesting date, which is unlikely to take place before next summer at the earliest. So under the present Bill, which is going to be reintroduced as soon as possible in the next session, the taxpayer is committed to paying 50p per share for net assets of 7p per share.

The "justification" for this apparent nonsense is to do with swarms and roundabouts: some groups of shareholders may be fleeced, others may benefit. But in industries which are changing as rapidly as shipbuilding and aviation, compensation terms which are based mainly on notional prices related to out-of-date information cannot be taken seriously. By the time arbitration is out of the way, we could easily be talking about a time lag of three years.

Back in the real world, the shares fell 4p to 22½p yesterday. The company is being rescued by the Post Office, which is guaranteeing an injection of a £2½m. subordinated loan and up to £500,000 of redeemable preference shares by Leazards. Two cable repair ships under construction for the P.O. at fixed prices have played a big part in Robb Caledon's troubles, and the P.O. says that it would have cost a great deal to get them completed elsewhere. All the same, if the Government was really keen to get its hands on an equity interest, it seems hard to believe that it could not have intervened at this stage.

The company has recently sold several properties to institutions. As to the group's development projects, Mr. Marler said yesterday that in Europe funds were secured for the medium term, and that the three major developments in Canada were already funded.

## Shopping centre

In the U.K. the only two current developments were the shopping centre at Newcastle-upon-Tyne, now half-complete, on whose funding talks were being conducted, and the Abbey House site.

## Base Rates

The market was ready for yesterday's round of base rate increases, which did not check a progressive rise in share prices over the day. The one point rise in M.L.R. has not been fully reflected in the money market, and with three month debt may only drop by roughly the extent of the property proceeds from the end 1974 total

of £59m., of which about £13m. was the share of minority holders. So total debt attributable to equity shareholders could be about £46m. at the end of the year, compared with end 1974 net worth of £40.6m.

The preoccupation now is the prospect of a further sharp fall in profits this year with volume expected to drop by over 5 per cent. in the U.K. But in the absence so far of severe price competition and with Germany having possibly bottomed out, earlier suggestions of a pre-tax fall of a third may now be too pessimistic.

## Wintrust

Wintrust's preliminary statement lays great stress on the group's financial strengths, but the results still show the scars of the banking upheaval of the last two years. So after a drop of nearly a quarter in pre-tax profits at the half-way stage, the full-year total has fallen by just over a half to £300,000—and the main reason is doubtful debt provisions, though business has also declined. Loans and advances fell from £16.8m. to £10m. during 1974-75, cutting the ratio to net worth from 2.5/1 to 1.4/1, though deposits are little changed. The contraction process has eased since the year end. The main questions now are raised by the Board's comment that it is actively exploring means whereby the "virtues" of low gearing and an increasing liquidity—£16.4m. at the year end—may be translated into tangible benefits to shareholders. Some kind of link with an overseas banking institution is apparently being discussed—presumably at rather nearer the net worth of 105p than the current share price of 56p.

See also Page 14

## Ready Mixed

Ready Mixed Concrete's sale and leaseback of its new office building in Staines for £9.1m.—on what looks like a rather high yield basis of 9½ per cent.—has raised more than could presumably have come from a rights issue, given a current capitalisation of £31.2m. The deal should also push last year's balance sheet worries further into the background, since the proceeds will more than eliminate U.K. bank borrowings. Meanwhile, capital spending is only likely to be slightly over half this year's net cash flow of, say, £20m, and the 1973-74 balance sheet showed net borrowings of £5.6m. The extraordinary meeting later this month should provide the opportunity for a more detailed explanation: meantime, the shares closed unchanged yesterday at 45p against a peak this year of 91p.

## RKT

Robert Kitchen Taylor's debt is "in excess of the £5m. which the directors are permitted to borrow" so the group is proposing to double its limits to £10m. The curious thing is that as long ago as last September the 1973-74 balance sheet showed net borrowings of £5.6m. The extraordinary meeting later this month should provide the opportunity for a more detailed explanation: meantime, the shares closed unchanged yesterday at 45p against a peak this year of 91p.

Continued from Page 1

## Shore

an alternative plan, leaving the 50-50 idea on one side.

The eventual compromise means that the inquiry is steered firmly into taking "parade" although it could well come up with a different mix from the 50-50 formula. It is also told in its terms of reference that the union organisations perform "the essential role" in the process which leaves it free to handle the delicate questions of representation for middle management and other non-TUC union groups as well as to tackling the thorny problem of rationalisation Board-level representation in a company with many unions.

Despite this, however, it is steered firmly into taking "parade" account of the TUC's proposals along with other experience, including that of the EBC which is expected to produce a new version of its ideas later this year.

The inquiry is also told to have regard to the interests of the national economy, employees, investors and consumers, and company law as well as to the efficient management of companies. This list is no doubt intended to balance the other more pro-trade union part but did little to stifle criticism from employers yesterday who felt that they and the country were being steamrollered by the TUC.

The timetable for the inquiry is short. It is to report within a year so that legislation can be placed before Parliament, and presumably enacted, during the 1977 session.

This, Mr. Shore said, would be the next step of the Government's moves towards "the radical extension of industrial democracy in both the private and public sectors" through "measures which will enable these employed to participate in the future of their companies through representation at Board level."

This, he pointed out, would involve a major change in company law and in the way industry is managed.

## TRIPLEX FOUNDRIES

Turnover up by 34% and Profit by 47% Expansion continues

Results for (Years ended 31st March)	1975	1974
Turnover	19,971,723	14,949,880
Group Profit before Tax	1,346,400	811,793
Net Profit attributable to Ordinary shares	688,578	500,159
Earnings per 25p Ordinary share	10.86p	7.99p
Dividends per 25p Ordinary share	2.748p	2.532p
Dividend cover	3.95	3.11

All Divisions have produced record results, giving Group profits in excess of One Million Pounds for the first time. I congratulate all members of our team for their efforts.

**FOUNDRIES:** It is our intention to continue to improve not only the capacity of our iron foundries but also our malleable and aluminium foundries.

**ENGINEERING:** We are continually striving to further improve and strengthen this Division. The success of this policy can be seen with the increase once again in turnover and profits. Additional monies will be spent on the development of these companies.

**OTHER ACTIVITIES:** All companies in this Division have produced very satisfactory results.

**OUTLOOK:** Owing to the widespread range of our customers, we seem to be in a better position than most. Our programme of expansion and improvement should stand us in good stead for the future. We expect to finance further expansion out of the Group's available resources.

**DIVIDEND:** Notwithstanding the substantial increase in profits and the improvement in our liquid position, your Directors are restricted in their recommendation of a final dividend to 1.548p per share.

B. Harrison, Chairman.

## Triplex Foundries Group Limited

Products include castings in grey iron, malleable and aluminium, springs, pressings, aluminium windows, traffic signs, specialised bolts and studs, heat treatment, industrial gloves, protective clothing and plastic formings and fabrications.

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